

BBC trims back overseas radio

BY ARTHUR SANDLES

BBC OVERSEAS Broadcasts are variety of recordings normally to be cut back for the second in a year in succession because of an in local languages will not be economy drive. Savings of £400,000 planned for next spring reduce the number of hours broadcast and cut one service completely—in Sinhala to Sri Lanka.

Last year the corporation was told to save £740,000 in programming in the current period. The present cut will mean that £300,000 will be saved in direct costs and a further £100,000 in capital expenditure.

From early next year, the Arabic service will be reduced from ten hours to nine hours daily; the German service will go down from 4.5 hours to 3.5 hours; and the French service for Europe down from four hours to 2.75 hours. The Government finances the BBC external services through Treasury grants that total £23.7m. in the current financial year.

There is little doubt that the cuts will provide further ammunition for those, including the BBC, who are campaigning before the Aan Committee on the Future of Broadcasting against the introduction of a grant system for the work of BBC broadcasting to replace the present licence fee.

Under the cuts, services in Bulgaria and Romania will also be reduced, as will those on the Chinese and Thai services. A

GLC car tax plan could spread, RAC warns

FINANCIAL TIMES REPORTER

MOTORISTS were warned to-day that if the Greater London Council succeeds with its plans to levy a daily tax on cars entering the city centre, other authorities are likely to ban or tax motoring in their centres.

The worry was voiced by the new chairman of the RAC, Sir Clive Bosom, at the launch of a campaign urging drivers to help "stop the GLC car bans."

The GLC is proposing a payment of at least £1.25 a day for vehicles entering central London and half this fee for residents, the RAC says. It also plans to remove 8,000 parking meters, eliminate 30,000 off-street parking places and introduce huge parking charge increases.

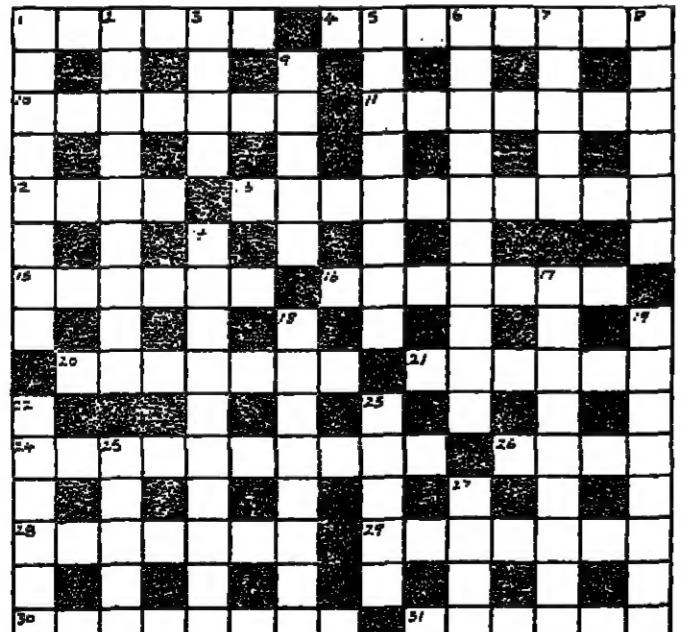
Thousands of leaflets will be issued with the message: "Car bans won't work, public transport can't cope."

The RAC asks motorists to send the protest leaflets to the council's headquarters before July 8 when the GLC transport committee will decide on the plan.

TV Radio

† Indicates programme in black and white.
BBC 1
 9.25 a.m. For Schools, Colleges, 10.15 You and I, 11.00 For Schools, Colleges, 11.20 Cricket: The Prudential Cup, England v. New Zealand, and Pakistan v. West Indies, 11.40 For Schools, Colleges, 12.00 Cricket: The Prudential Cup, 1.30 p.m. Fingerbo, 1.45 News, 2.05 For Schools, Colleges, 2.45 Cricket: The Prudential Cup, 3.30 Regional News (except London).

F.T. CROSSWORD PUZZLE No. 2,800



Solution to Puzzle No. 2,799

MILL RAGE COMBAT
E L F A T U A I
**D E E D P O L L S T A L A G
U N D S A L L G L H
S P E C I F I C B R E A S T
A R D T S C G D E
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E M I R F E O A
R E G I E F F E R T E A K A M A Y**

SALEROOM

Comics now a serious matter

COLLECTING OLD comics finally became respectable yesterday when Sotheby's included 20,000 comics in its sale of children's books, drawings, and juvenilia, and saw them fetch £5,614. The comics were put up for sale by Raymond Radford whose father and uncle were cartoonists for Amalgamated Newspapers between the wars, and drew cartoons for *Chicks Own, Comic Cuts, Comic Life, Butterfly* and many more.

In addition 282 early editions of the *Mickey Mouse Weekly* were sold for £500 to a private collector. Mr. Hubert Johnson, of Felstixlowe, Most of the lots from the Radford collection were bought by Mr. Norman Shaw, a dealer from South London, who paid out more than £4,000, including £450 for 851 copies of *The Butterfly*, stretching from 1906-1939, and the same price for 597 numbers of the *Film Fun* from 1920-1942. The prices were just about on target, and the comic is likely to draw out many more old comics, although it is unlikely that such complete collections will be forthcoming.

Sotheby's was more impressed with the afternoon session which contributed £18,000 to a four-day sale which totalled over £250,000. Among the exceptional prices were the £1,100 paid for 22 tiny watercolours by Kate Greenaway, whose price was the £1,155 paid by Arthur A. Dixon, *Ursula*, by the same artist, fetched £420.

The popularity of Dutch marquetry furniture, which invariably goes to Spain or Italy, was reinforced at Phillips yesterday when furniture was sold for £20,682. An 18th-century cylinder from bureau bookcase £1,000, while its estimate at £3,000, while

its value was £1,000.

Mr. Norman Shaw gets a laugh out of a copy of *Radio Fun*.

He spent more than £4,000 on a collection of comics.

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Nothing but the truth

by ANTHONY CURTIS

In the past few weeks I've watched a woman giving birth to a baby and later putting it through its earliest paces (in a *Horizon* programme about infant perception). I've seen the prolonged and painful death-agony of a manufacturing company before it went into liquidation. I have observed American oil-men letting down their hair about their tax problems and American television executives beating their breasts and cursing the tyranny of prime time (the maximum viewing hour of nine at night on the successful viewing of which absence of coronary depends). I have listened to human beings who skyjack aircraft and turn passengers and their children into hostages calmly expounding their "philosophy" in the freedom of a studio. I have seen the members of a gay club in Newport, Pa., men and women, being questioned by Jimi Saville on the problems of "coming out" that is making no secret of their homosexuality in public. And I have seen Sir Cecil Beaton looking back upon his first country retreat in Wiltshire and recalling the joys of life there before the war. "It was a place in which people, the most unlikely people, kept falling in love."

Why bother with drama on the box, with artificial situations, imagined confrontations, invented revelations? When those of reality are so poignant? Why try to create characters with the aid of actors when real people are so extraordinary? Television drama departments must look with envy at the gigantic sprawling fish netted so easily and so regularly by their colleagues in the documentary division. No wonder that tv drama is continually harking back to the carnival of history, or forward into a brave new future, or merely resting content with comedy series which pander to a few stock responses and raise a few chuckles magnified by those claqueurs of the box, the studio audience.

By comparison with their British counterparts, the fate of



Sir Cecil Beaton

Sadler's Wells Theatre

Nederlands Dans Theater

by CLEMENT CRISP

It seems a long, long time first seemed an interesting dance since I visited Southend to see Nederlands Dans Theater on their first tentative trip to Britain. Since then we have come to know and love the company, and to respect it as one of the most productive and influential in Europe. Now, for a fifth visit to London, NDT is engaged at the Wells to show us how the repertoire and company policies are developing, and we can welcome them back as valued friends. And, as with old friends, we can accept quirks and oddities of behaviour as part of a personality we have learned to love. Which is as nice a way as I can think of saying that the opening programme of the new season on Monday was something of a disappointment.

The evening began with our first view of the choreography of Jiri Klian, Czech-born, Stuttgart-based, but producing what looks like a quintessential Dutch ballet. Over the years I have learned to expect ballets from Holland to feature a good deal of angst about human relationships. Maybe it is the Calvinistic traditions that inspire dance pieces so obsessed with men unhappy with women, and no less unhappy with each other. Mr. Klian's *La Cathédrale Engoufflée* compiles matters further, showing the human comedy in four equally unhappy with each other as well. In the language of the football pools he "permits any two from four" and they all end up as glum as they started, having, in the meantime, lustred and groped and behaved like fugitives from a Tetley ballet. The Debussy piano prelude of the title is played piecemeal, with lengthy interruptions in which we hear the wild waves roaring, and what at

Aldeburgh Festival

Britten's Quartet

by GILLIAN WIDDICOMBE

The unveiling of an early string quartet by Britten was the highlight of Aldeburgh's first season. Britten is comparatively unshy about his premature works—the Simple Symphony, *A Boy Was Born*, and lately even sections from the long-squashed first opera *Paul Bunyan*. Pre-cociousness is less notable than the wonderful agility and speed with which Britten has always written; and that sparse, salty, nutty flavour—never a note too many, or a passage too long, save forgiveably in *Midsummer Night's Dream*—wrote early. The String Quartet in D major was written in 1931, during his three-year period at the Royal College of Music, studying composition with John Ireland but learning more daily from Frank Bridge at home.

The succeeding *Septet Extrême* we know from the Royal Ballet's Touring repertory. I find that Hans van Manen's jokiness sits rather oddly on the elegance and felicity of the Saint-Saëns trumpet septet and the Royal's dance it with a good deal more sharpness of style, but the great joy of this presentation is Gérard Lemaitre's incarnation of the chief male role. Witty as you could wish, with a nice line in agast glances and throwaway charm, he makes the final *Etude en forme de Volée* a little comic masterpiece as he battles against the invisible insect that besets the action.

The evening ends on a note of hermetic gloom with Louis Falco's *Caterpillar*, one of those ballets which one thinks must end soon, and which never does. The score—to use a convenient misnomer—is Luciano Berio's *A-Rosa*. It's a tour through the Tower of Babel, with a damnable assemblage of multi-lingual chatter nags and tears at our ear-drums. The stage is divided by William Katz's screen to create two locales, one decorated with warmly-coloured crayon scribbles, the other bluer, colder in tone. The action, for seven men and seven women, looks for all the world like dance-therapy in a mad-house and is as tedious and unconvincing as the score. Somewhere, some one is trying to give us a message we must avoid that I didn't understand it, and, unrepentantly, don't particularly regret the fact.

Wimbledon Theatre

The Phantom of the Opera

by B. A. YOUNG

Nonsense, of course, but rather good nonsense, a cross between Boucicault and Poe. There is something to be said for the tale in which no homage has to be paid to credibility. The great virtue of the story, as dramatised (for the first time, surprisingly) by David Giles, is that there is always something new happening. Sometimes what happens takes up too much time; the production could spare 20 minutes without damage. But then there is the question before us of what happens next, and the equally interesting question of how it will be done.

There have been three film versions of the original novel, which I suspect few people will have read; also an updated version, *The Phantom of the Paradise*, only lately current among us. David Giles claims to have incorporated a theme in his play that none of the films realises. I don't remember them well enough to argue; perhaps it is the notion that Erik, the eponymous Phantom, exists also in the character of the Angel of Music in which he plays Stevens to the Trinity of Christine, Duse, a young soprano in the Paris Opera.

Foolish to recount in detail the manifold terrors that afflict the staff of the Opera as the Phantom weaves his wicked spells over them. They are ingeniously presented in the author's own production with

lots of elaborate scenery. It ranges from Act V of Gounod's *Faust* (where we hear Christine (Sharon Duce) and her rival Carlotta (Sheila Reid) miming to the voice of Victoria de los Angeles) to the hideous torture chamber in the Phantom's elaborate underground empire, whither Keith Drinkel as Raoul,

Christine's lover, and Darius, the Flying Persian, arrive only through the exercise of endless jolly mince.

At several points in the play, partly acted out in flashback, and I would say that all of these are too long, however well they are done. The first of them at least gives an opportunity for Sheila Burrell, as a sinister ushersette, to give a performance that hits precisely the right note for character parts in melodrama—a wild exaggeration of something well observed from life. She and Sheila Reid and Tenniel Evans as Darius (wandering all over the opera

house as if he owned it) are the best at melodramatic playing; the rest, admirable as I found them, use straighter methods and sometimes seem a little colourless where they might be vivid. But Edward Petherbridge's Phantom, either in his ghastly incarnation or his genteel one, has a polish sinister enough for Dracula himself.

The ingenious designs are by Kenneth Mellor. (Why did he give us the Angel in *Faust* first time round but not later?) They are immensely elaborate and capable of being funny as well: the police interrogation in Christine's dressing-room, with all the police present, is hilarious.



Donald Cooper

RSC plans for The Other Place

The Centenary season for the Royal Shakespeare Theatre at Stratford-upon-Avon is to be complemented by four new productions at The Other Place, the company's smaller Stratford theatre... for this autumn season from August 1 to October 18.

Hamlet, already at The Other Place, will be joined on June 24 by *The Mouth-Orgon*, a work on language devised by Ralph Koltai and Clifford Williams. Next, Barry Kyle, who has been appointed artistic director for

The Other Place for 1975, and John Barton will direct John Ford's *Warbeck*, which opens on August 7.

This will be followed by *Man is Man* by Bertolt Brecht, directed by Howard Davies from an English version by Steve Goodman. This will open on September 22, and the cast will include Geoffrey Hutchings and Mikel Lambeth.

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NEW ISSUE

May 30, 1975

700,000 Shares

Joy Manufacturing Company

Common Stock

(\$1 Par Value)

The First Boston Corporation

Blyth Eastman Dillon & Co. Incorporated	Dillon, Read & Co. Inc. Incorporated	Drexel Burnham & Co. Incorporated	Goldman, Sachs & Co.
Halsey, Stuart & Co. Inc. Affiliate of Bach & Co. Incorporated	Hornblower & Weeks-Hemphill, Noyes Incorporated	E. F. Hutton & Company Inc.	
Kidder, Peabody & Co. Incorporated	Kuhn, Loeb & Co. Incorporated	Lazard Frères & Co. Incorporated	Lehman Brothers Incorporated
Loeb, Rhoades & Co.	Merrill Lynch, Pierce, Fenner & Smith Incorporated	Paine, Webber, Jackson & Curtis Incorporated	
Reynolds Securities Inc.	Salomon Brothers Incorporated	Smith, Barney & Co. Incorporated	Wertheim & Co., Inc.
White, Weld & Co. Incorporated	Dean Witter & Co. Incorporated	Shearson Hayden Stone Inc. Incorporated	Warburg Paribas Becker Inc.

WORLD TRADE NEWS

Fiat group wins £100m. contract in Nigeria

BY ANTHONY ROBINSON

IMPRESIT, the civil engineering subsidiary of the Fiat group, has won a £100m. contract from the Sokoto-Rima basin Authority of Nigeria for the construction of a 5km-long dam on the Sokoto River and a vast irrigation system of the Togliattigrad field with particular emphasis on contracts in developing countries.

The dam will create a 450m. cubic metre lake which will irrigate 30,000 hectares of land. To this end, Fiat general director Nicolo Gliod was accompanied by director of Fiat-Allis, the earthmoving subsidiary set up two years ago through the merger of the earthmoving activities of Fiat and Allis Chalmers.

Work will start shortly and the project is scheduled for completion by 1980. Fiat estimates that the project will lead to the export of goods worth £200m. from Italy, including Hennessy Inc. of New York.

ROME, June 10.

Syska and Fiat Engineering have set up a joint company in Switzerland called Engineering and Construction Associates (ECA) with the aim of pooling their activities in the civil and industrial plant construction field with particular emphasis on contracts in developing countries.

All these new initiatives enter into Fiat's overall strategy of diversifying away from the automobile and internationalisation of its trade but also through the merger of the earthmoving activities of Fiat and Allis Chalmers.

Remaining in the civil engineering field Fiat has also announced a joint venture with the U.S. company Syska and Hennessy Inc. of New York.

AP-DJ

Kenya gets vehicle assembly plant

BY OUR OWN CORRESPONDENT

AN AGREEMENT was signed here to-day for the establishment of Kenya's third commercial vehicle assembly plant. It is a joint venture between General Motors and Kenya's Industrial Development Corporation.

General Motors have a 49 per cent share and the Kenya Government, through the Industrial Minister of Trade and Industry and Commercial Development said he was delighted with the going of the Corporation, will have a controlling 51 per cent.

It will have an assembly capacity of 6,000 vehicles. Today, Dr. Julius Kiano, Kenya's Leyland, which are assembling trucks, Landrovers and Volkswagen light commercial vehicles, as well as associated vehicle assemblers, a consortium of Lonrho and Inch Cape, using Datsun, Ford, Mercedes, Peugeot and Toyota components. They have a capacity of about 5,000 vehicles each.

NAIROBI, June 10.

who signed on behalf of General Motors, said: "We believe Kenya has a sterling future and are very pleased to be part of its development." The company is to be called General Motors Kenya Ltd.

The two other commercial vehicle assembly plants now being built in Kenya are British Leyland, which are assembling trucks, Landrovers and Volkswagen light commercial vehicles, as well as associated vehicle assemblers, a consortium of Lonrho and Inch Cape, using Datsun, Ford, Mercedes, Peugeot and Toyota components. They have a capacity of about 5,000 vehicles each.

The field loan, which is for £12m., will be used to purchase U.K. equipment and services to be utilised in the development of the field. All the contracts under that loan will be placed by Elf Norge. Each approved contract will have a minimum value of £5,000 and be placed by June 30, 1977.

The transportation loan, for £25m., with a built-in option for a further £5m., will be used to purchase U.K. equipment and services to be utilised for the provision of certain manifold platform facilities and the construction of a pipeline to St. Fergus in Scotland and all contracts under that loan will be placed by Total Oil Marine Ltd.

Each approved contract may have a minimum value of £25,000.

The consortium of Norwegian borrowers in respect of each loan are Norsk Hydro Production, Elf Norge, Total Marine, Norsk and Aquitaine Norge.

Plans for rules on trade subsidies

BY DAVID EGLI

GENEVA, June 10. SPECIFIC proposals for effective rules to govern subsidies and countervailing duties are to be made later this year in a sub-group of the multilateral trade negotiations. This was agreed here in the initial meeting of the sub-group. Countries have been asked to submit their views by October 15, and the next meeting of the sub-group is scheduled for November.

The issue is important for the U.S., Canada, and EEC and certain developing countries, particularly Brazil. Of these, the U.S. has so far taken the most advanced position in suggesting that the sub-group should concentrate on subsidies that may be subject to countervailing duties and conditions for them.

In effect, the American delegation has suggested three categories of subsidy: those which are prohibited and therefore countervailable under any circumstances; those which are permitted and never countervailable; and provisional subsidies against which a countervailing duty can be imposed if trade is being demonstrably distorted or injury is being caused to domestic producers.

Polish supertankers for Baltic Sea approaches

BY LESLIE COLLITT

BERLIN, June 10. POLAND'S shipbuilding industry, seventh in rank internationally among exporters, is working on a design for supertankers to allow 300,000 d.w.t. vessels to negotiate the shallow approaches to the Baltic Sea. Until now the largest ships plying the Baltic have been under 200,000 d.w.t. Giant supertankers with cargo for the Baltic must be unloaded in the North Sea and their cargo transferred to ships of shallower draught.

The Institute of Navigation in the port city of Gdansk has come up with three different types of 300,000 d.w.t. tankers capable of service in the Baltic. The first is 360 metres long, 55 metres wide and has a draught of 21 metres. The second is 344 metres long, 75.5 metres wide and has a draught of 18 metres. Type 3

is 325 metres in length, 65 metres in width, and has a draught of 19.5 metres.

Vessels up to 400,000 d.w.t. with a draught in excess of 20 metres are also under study according to the Institute. Before they could be built though a channel would have to be deepened through the great belt to allow access to the Baltic.

One Polish shipyard, the Gdansk Shipyard at Gdynia, is currently constructing a dry dock to allow construction of 400,000 d.w.t. supertankers. Over the next few years the Polish merchant marine is to be supplied with tankers of 200,000 d.w.t. as well as carriers of 165,000 d.w.t. as well as container and semi-container ships, passenger and ferries to be built at Polish and foreign yards.

Suez Canal reopening may hit India trade

BY D. P. KUMAR

NEW DELHI, June 10. INDIA'S EXPORT trade, particularly with Persian Gulf countries, might be adversely affected by the opening of the Suez Canal on June 5. This is because the reopening will expose Indian goods to competition from advanced countries like Germany, France, Italy and the U.K.

The products that are likely to be most affected are engineering goods. Since the closure of the canal India's engineering goods and textiles found a ready market in the Persian Gulf countries because European countries found it uneconomical to export these products to the region via the Cape of Good Hope.

But with the reopening of the canal, highly sophisticated European products are expected to pour into Gulf countries and India will have problems in competing with them as the costs of Western products would be substantially lower.

Indian products would have to be given heavy export subsidies and also possibly cash credit incentives to enable them to retain these markets.

As regards Indian jute goods, the impact may be marginal since Bangladesh—the main competitor will use the same route for its exports.

However, India is likely to gain in certain ways. The reopening of the canal will mean greater trading possibilities with Europe. Trade with East European countries and Russia will receive a fillip. The distance with Black Sea ports will be reduced by more than half and transport costs will come down correspondingly. India has certain built-in advantages on items like textiles, jute, coffee, tea, Cashew etc., and these items could now be exported to the West at much lower costs.

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Asia? Start at the heart-Kuala Lumpur One-stop hop on MAS

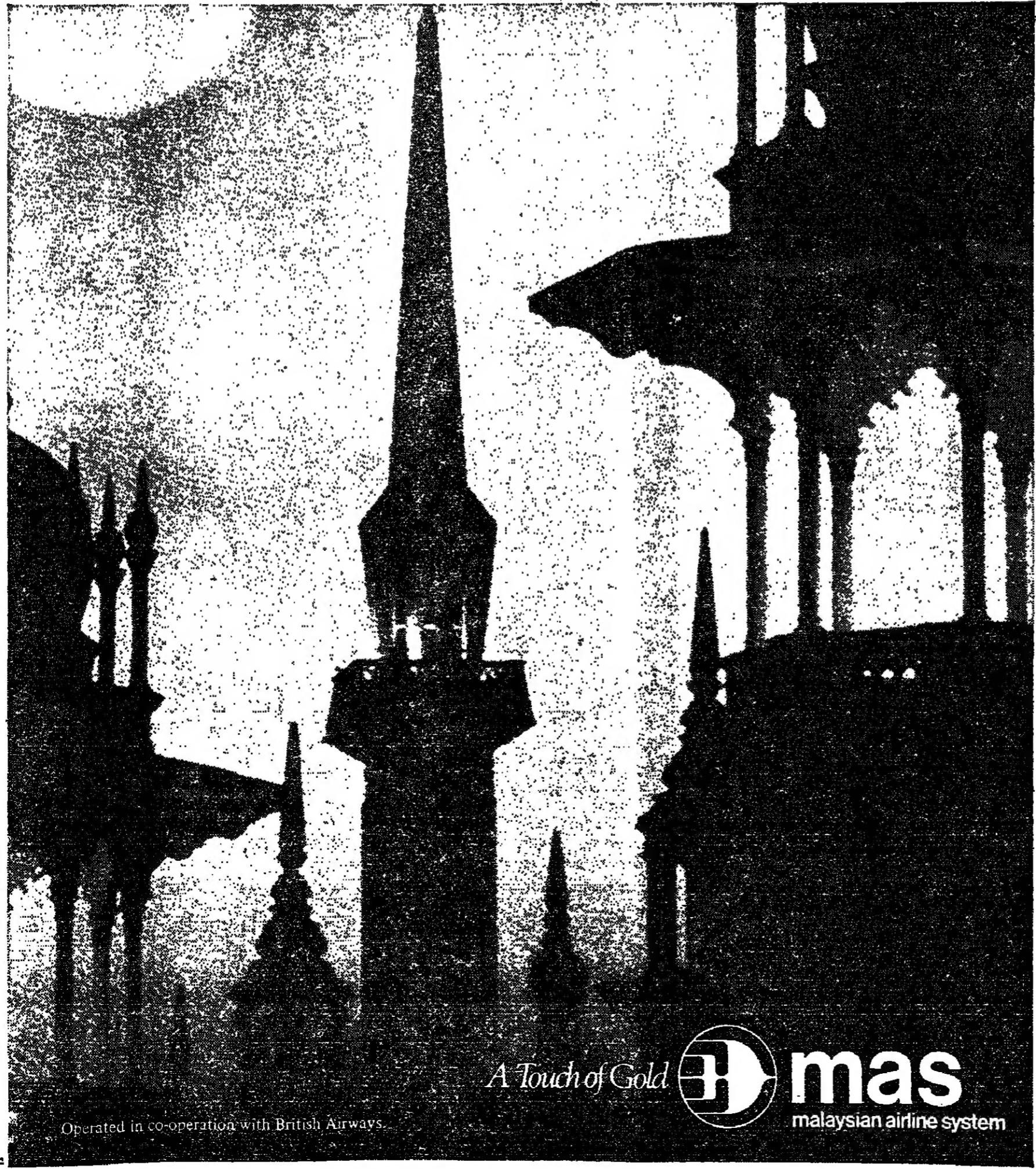
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AMERICAN NEWS

U.S. prepared to reduce nuclear strength in Europe

BY PAUL LEWIS, U.S. EDITOR

THE FORD Administration is MBFR negotiations will also win now prepared in principle to the support of the other Nato to reduce the number of tactical allies and that there will be no nuclear weapons that it stores in objection in principle in Europe Europe, as part of an agreement towards the inclusion of some with the Soviet Union cutting tactical nuclear weapons in the Central European forces cuts that Nato countries maintained by both Nato and are prepared to offer.

However, the U.S. Administration believe that an option remains undecided at the "improved" alliance offer of this moment about the best time to provide the best hope of launching a new MBFR initiative reviving the long-stalled along such lines, as well as about "MBFR" force-reduction talks—the precise details of the offer and, in particular, of persuading the Russians to accept a common will require close consultation with Nato with the other Nato Allies.

In general terms, the feeling here is that the West should wait until the European security conference is out of the way and more progress has been made on the second SALT negotiations on

WASHINGTON, June 10.

limiting Russian and American strategic nuclear arms. This is partly because the Russian authorities seem to have difficulty in concentrating on more than one security negotiation at a time, and also because Mr. Leonid Brezhnev's expected visit here later this year may give President Ford an opportunity for some personal diplomacy at the summit level.

But while it is thus likely that the revision on the West's MBFR position will not become a live issue in Nato circles for some months, the matter may get a brief airing when the U.S. Defence Secretary plays host to other members of the nuclear planning group at its next regular meeting in Monterey, California on June 16 and 17.

Ford defers new models output

BY GUY DE JONQUES

FORD MOTOR, the second largest American car manufacturer, is to defer the start of production of its 1976 model cars by lengthening the customary closure of its main U.S. assembly plants by at least one week later this summer.

Officially, this decision is intended to allow extra time for the preparation and introduction of new models, with improved fuel economy. Ford maintains that it will assemble the new models at a faster rate once production begins and that there will be no cutback in its third quarter production.

The delay will, however, take some of the pressure off Ford dealers to clear their stocks of current 1975 models before the new model year begins in the autumn. At the start of this month, Ford's unsold stock levels amounted to 78 days' supply, the highest in the industry, and contrasted with an average of 68 days' for the four main car manufacturers.

Several weeks ago rumours were circulating in Detroit that Chrysler was considering a plan to close down most of its six U.S. assembly plants for up to six weeks at a time this summer and introduce its new models later than the rest of the industry. Chrysler denied that any such move was planned, and the need for such drastic action may have been eliminated by the modest improvement in the company's sales in May.

It is expected that Ford's decision will mean that at least some of its new models will be introduced later than usual—perhaps in early to mid-October instead of in late September.

Normally, Ford launches its new models about a week after General Motors.

The new models affected are likely to be at the bigger end of the range, where Ford cars have the new model year.

NEW YORK, June 10.

ford poorly in fuel economy by comparison with other American manufacturers. With this in mind, the company has been working hard to improve mileage on its 1976 model products.

In fact, the company has already announced a new line of improved mileage cars, which will go on sale next week. These are all smaller models, which achieved only 13 miles per gallon in city driving, according to General Motors. Now, it is claimed that they will return 23 miles per gallon.

With the U.S. car market still weak, third quarter production plans by the industry remain unclear and may not be finally decided for several more weeks. The industry hopes that there may be an increase in sales just before the end of the 1975 model year in late summer—as happened last year—though this could be followed by a similar sales decline after the start of 1976.

On the surface, at least, the succession battle this time is different. Sr. Echeverría, who has permitted greater freedom of Press and political opinion since his installation in 1970, has tried to clear away some of the mystery surrounding the succession by allowing public identification of the main candidates and by encouraging them to give opinions on key issues.

He has also instructed the PRI leadership to prepare a National Plan of government which will be the chosen candidate's campaign platform for the July, 1976 elections.

THE STRENGTH of President Luis Echeverría's Mexican administration is waning rapidly now that fewer than three months remain before a successor is named. Politicians, bureaucrats and even businessmen transfer their loyalties to the half-dozen Ministers who are in the running to be chosen as the next "dictator" for six years.

But while it is thus likely that the revision on the West's MBFR position will not become a live issue in Nato circles for some months, the matter may get a brief airing when the U.S. Defence Secretary plays host to other members of the nuclear planning group at its next regular meeting in Monterey, California on June 16 and 17.

Presidential succession in Mexico

The mystery stakes

BY ALAN RIDING, MEXICO CITY CORRESPONDENT

Yet these changes would appear to be little more than democratic cosmetics because the fundamental questions of who picks the PRI's nominee and how he is selected remain unanswered. True, six Cabinet members have been named as the "apparent" candidates, yet in the past those names would also have been published, though perhaps not published.

Sr. Echeverría himself is concentrating on completing the major public works of his administration and rounding off an energetic foreign policy by playing host to a series of foreign dignitaries, but the attention of the rest of the government is very much fixed on the future. The President is, after all, the only official whose position cannot improve in the next government.

This is a traditional ritual in a one-party system that has survived almost half a century largely thanks to an inflexible constitutional ban on re-election. But it is none the less dramatic and nerve-wracking since a failure to pick the winning candidate can mean automatic even dismissal from thousands of public offices. In other words, the Institutional Revolutionary Party (PRI) continues, but the people change and each of the six leading aspirants knows that he and his followers may be in the wilderness during the next six-year administration.

On the surface, at least, the succession battle this time is different. Sr. Echeverría, who has permitted greater freedom of Press and political opinion since his installation in 1970, has tried to clear away some of the mystery surrounding the succession by allowing public identification of the main candidates and by encouraging them to give opinions on key issues. He has also instructed the PRI leadership to prepare a National Plan of government which will be the chosen candidate's campaign platform for the July, 1976 elections.

In his controversial book *In a clear public image* is the López Portillo, who was briefly favourite six months ago, seems to have given up the race. But the Social Security Director, Sr. Carlos Gálvez Betancourt, and the Agrarian Reform Minister, Sr. Augusto Gómez Villanueva, are apparently gaining strength. In the restaurants near Congress, other names are thrown around and the President's every action and speech are analysed by Deputies and Senators whose political futures depend on identifying the right man. Everyone is ready to be surprised, but no one wants to be caught off-guard.

Inevitably, there is also a sharp reduction of normal activity in both public and private sectors. Officials try to complete on-going projects which their successors might drop, while not a few bureaucrats give priority attention to increasing their "savings" for fear of lean years ahead. No new programmes are launched and new studies and recommendations are held back to be presented to the successful candidate. In the private sector, investment plans are frozen and top business—Mexican and foreign—make no secret of their view that future investments depend on the choice of a candidate more sympathetic to their interests than Sr. Echeverría.

But not all the confusion will disappear when the successor is named in the weeks following Sr. Echeverría's 4th State of the Union address on September 1. Despite the continuity of the PRI, the political behaviour of the party candidate is totally unpredictable once he becomes President on December 1, 1976. Sr. Echeverría, for example, was nominated by the PRI. Very likely, a machine bureaucrat, the 47-year-old Minister has made a fine art of echoing the President's views on every conceivable subject. His strength is therefore that no one feels passionately about him since his political career has previously occupied that of the President. Sr. Hugo Cervantes de Río, who will be nominated by the PRI. Very likely, he would seem to stand out as front-runner. Sr. Mario Moya Palencia, the 47-year-old Minister has made a fine art of echoing the President's views on every conceivable subject. 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6 EUROPEAN NEWS

Tindemans faces critics over U.S. fighter choice

BY DAVID CURRY

POURING scorn on suggestions that Belgium had turned her back on Europe in opting for an American aircraft to replace its air force Starfighters, the Belgian Prime Minister, Mr. Leo Tindemans, yesterday opened his campaign to preserve the life of his Government, jeopardised by the fighter issue.

At the same time he reassured Belgium's desire to see the creation of a genuinely European aerospace industry and spelled out the attempts made over the past months to persuade the Benelux countries, Germany and France to agree to joint development of the Mirage in the manufacture of such a project.

While Mr. Tindemans was speaking in Parliament the Socialist Party and the Flemish language party were deciding whether to put down a no confidence motion against the Government.

In the face of a vote the Government would depend on the support of a section of the anti-separatist part of its coalition, the French language Representation Wallon which is split from the Flemish.

Mr. Tindemans was particularly scathing about suggestions that the Mirage was the "European" option. "The F-1 was neither conceived nor developed jointly, and it is not in truth a European machine," he remarked.

He asserted that the overwhelming need had been to fulfil the country's Nato role, and strengthen Western defence by standardising armaments. At the same time the genuine partnership offered by the U.S. in manufacture of the aircraft meant that the F-16 was good for the Euro-

pean defence industry involving all the EEC countries.

He asserted that the proposal to patch together a European Aerospace industry on the back of the Mirage had met with a flat refusal from the Dutch who thought that the Mirage was not a suitable machine on which to base co-operation and the Germans who wanted to keep the Starfighter replacement question separate from that of a European joint venture.

However, the Government is pursuing its plans for European integration, particularly a project for a European armaments agency. It hopes to call a meeting of European governments this month to discuss the question of setting up an integrated European aerospace industry, the talks to include Britain and Italy.

A dossier sent to Parliament by the Government reveals that, in addition to cost advantages, the U.S. also won considerable concessions from the U.S. which would give it a choice. Europe is to do work, according to the agreed formula, on all the aircraft ordered for the U.S. air force, for unlimited third country sales, and to share in work on sales to other European countries.

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German railways plan to cut costs by £460m.

BY GUY HAWTHORN

BONN, June 10.

WEST GERMANY'S railways are embarking on a "radical savings programme" aimed at trimming administration costs by about Dm1.5bn. (nearly £460m.) a year. Without this savings programme it is officially estimated that the Federal Republic's budget would be worse off by Dm1.6bn. (£1.95bn.) a year by 1979.

Last year, West German railways lost about Dm3.8bn. (£514m.), rather less than expected. This year the deficit is expected to rise to a net Dm3.7bn. (508m.).

The railways' gross losses during the current year, however, are expected to total about Dm3.45bn. (just £1bn.) and, at the same time, the annual balance sheet loss is expected to run at about Dm1.7bn. (237m.).

According to Dr. Wolfgang Vaerst, president of the Deutsche Bundesbahn, the "radical cure" will include heavy cuts in personnel. The policy of non-recruitment of new staff would be continued, and, over and above already planned cuts of 20,000 jobs, the payroll would be trimmed by a further 40,000 places.

On the personnel front alone, the slimmed workforce of 345,000 employees would save the railways about Dm1.6bn. (£225m.) a year, Dr. Vaerst said.

It is planned to cut routes, and the railways are to be put

on a new organisational basis. The old "Prussian hierarchical structure" is to be replaced with a system that is possible to measure each individual worker's performance.

The savings plan will make for a smaller Bundesbahn but a more sound financial footing to face the stiff competition coming from other forms of transport.

Last year the Government subsidy totalled about Dm10bn. (£1.84bn.). According to Dr. Vaerst, personnel costs accounted for about 72 per cent of total costs which, at Dm16.6bn. (£3.1bn.), were held at about the previous year's level.

The new plan reflects in some degree Chancellor Helmut Schmidt's view that the railways' belief that they can turn the current deficit into an annual profit of Dm3bn. (550m.) by 1982 is "utopian."

There remains stiff competition on the profitable long-distance routes, while at the same time, the railways are being obliged to maintain unprofitable services for social reasons. The savings plan will certainly aid the railways to curb steeply rising labour costs. Many of the social responsibilities, however, cannot be dispensed with and will continue to be a drain on resources.

French cut base rate

BY RUPERT CORNWELL

PARIS, June 10.

AFTER last week's half-point cut in bank rate, the French commercial banks have bowed to the strategy to pull the economy out of the doldrums which appears to be a decision at which they lend funds to rate.

The reduction — as for bank rate the fourth this year — lowered the base rate for corporate borrowers to 9.80 per cent from 10.30 per cent previously, while the basic cost for an overdraft goes down to 11.85 per cent from 12.35 per cent.

The trend towards cheaper 11-months.

Prostitutes evicted from French churches

By Giles Merritt

PARIS, June 10.

IN A SERIES of dawn raids this morning, police squads swooped on churches in six major French cities that have been occupied during the week-long prostitutes' strike.

Acting on the orders of France's Interior Minister, M. Michel Poniatowski, who has since claimed that the cathedral of Notre Dame de Paris has been singled out for occupation today, the girls were physically evicted from the churches where they have been camping out during their much publicised protest.

In Marseilles and Lyons, the latter city having been the starting point a week ago of the prostitutes' demonstrations against police harassment, high fines and bribe taking,

there have been reports of girls being molested during the evictions. The police authorities have since denied this.

It now seems, however, that the prostitutes have succeeded in drawing enough attention on themselves to ensure official efforts to end the ambiguous legal status of their trade. In an Elysee Palace statement today, President Giscard d'Estaing promised an inquiry into the "human problems" of prostitution.

Soliciting is illegal but prostitution itself is not. As a result, claim the girls, they often are forced to pay out as much as £100 a day in fines and bribes. M. Poniatowski himself conceded in a radio interview this morning that the laws governing prostitution were "hypocritical and contradictory" and said that the girls certainly had the right to have their situation examined.

But he insisted that the French Government has no intention of drafting legislation that would encourage prostitution. He pointed out that it is already a £7m-a-year business, bigger even than Tiers betting.

Just what shape new French legislation on prostitution and pimping will take no one knows. The debate M. Giscard d'Estaing's promised enquiry will no doubt be lively . . . and, once before, France, enterprising. This weekend, the French Minister for the Ministry of Life, M. Andre Jarrot, lopped-off the opening shot in the discussion with his public statement that not only should France never have banned the brothels after the war, but that in any case there remained the matter of the several million bachelor immigrant workers who still need to be catered for.

If anyone has so far come badly out of the affair it is not the several hundred militant prostitutes evicted around the country but France's trend-setting Minister for the Feminine Condition, Mme. Françoise Giroud. Her recent refusal to meet a delegation of prostitutes who wished to explain their troubles and solicit her help has since unleashed a growing storm of criticism.

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Starting tomorrow, British Caledonian will fly out of London Gatwick every Thursday evening at 2315, arriving in Kinshasa at 0900 the next morning.

Cash bonus to speed Russian harvest

BY DOMINICK J. COYLE

BRUSSELS, June 10.

MOSCOW, June 10. THE SOVIET Union said to-day that the crucial 1975 wheat harvest is beginning and disclosed that farmers are being offered big cash bonuses to work harder and faster.

The Communist Party newspaper Pravda said the incentive plan is being tried out in the Kuban region of the Caucasus to increase yields of winter wheat now entering the harvest season. The new incentive plan is aimed at cutting the amount of time winter wheat, which is planted before cold sets in during the autumn, spends waiting to be harvested.

The Russians are offering combine workers a 100 per cent salary bonus if they harvest all their assigned work within eight days, 75 per cent bonuses for nine days and 50 per cent for 10 days. By shortening harvesting time, the farmers hope to cut waste and thus increase the yield from each acre.

Pravda also disclosed that Russian farmers are still suffering from the kind of bad planning that has afflicted previous harvests, declaring that farmers in Kuban lack spare parts for farm machinery.

Because of the possible repercussions the Soviet grain crop in Holland continued to worsen in May. Indications are that the unemployment figures will deteriorate further in the next few months as the massive inflation measures taken earlier are expected to show results only after some time.

According to the latest figures published in The Hague to-day, the seasonally-corrected unemployment figure for men and women combined had reached 211,900 in May (8.2 per cent), which compares with 189,000 (8.4 per cent) in May last year.

The Ministry of Social Affairs attributed the deterioration to had declined by as much as 14

Irish may defer pay rise agreed in national pact

DUBLIN, June 10.

A COUNTER-INFLATION package prepared by the Secretariat of the National Economic and Social Council (NESC) proposes a 10 per cent surcharge on income tax, selective food subsidies, a reduction in some VAT rates, a doubling of the road tax on private motor-cars and the deferral or withholding of the second phase settlement in the national wage agreement.

The Government itself is in all the NESC wanted to make clear that to-day's published reports "were not authorised by the council." Ministers are anxious that any wage agreement should appear to emerge from the unanimous endorsement of the proposals mentioned in to-day's reports, but according to unofficial reports published here this morning.

The reports have seriously embarrassed both the Government and NESC, and an official statement to-day denied that the council, which is represented by the Irish Congress of Trade Unions, has fallen back on the doubtful formula of seeking to cover up wage increases.

In this regard, it is conceded that the NESC would have to be invited to the secretariat of the Government to be brief in its own secretariat to prepare reports and then simply publish them, or passing them on to Government as discussion documents.

The Irish Congress of Trade Unions, in a formal statement to-day, said that the present inflationary problems at the expense of the national pay agreement "would be wholly opposed."

Danes foresee zero growth

By Hilary Barnes

AMSTERDAM, June 10.

THE EMPLOYMENT situation in Holland continued to worsen in May. Indications are that the unemployment figures will deteriorate further in the next few months as the massive inflation measures taken earlier are expected to show results only after some time.

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Iceland facing general strike

By Our Own Correspondent

REYKJAVIK, June 10.

ICELAND to-day appeared condemned to a bitter general strike to begin at midnight in support of a 38-38 per cent rise claimed for lower paid, with workers in the higher paid brackets to receive the same absolute increase in terms of cash.

A mediation board appointed by the Government was believed to have recommended a 10 per cent wage increase. This was not expected to satisfy the Labour Federation, which was expected to call out 40,000 workers, or about per cent of its members.

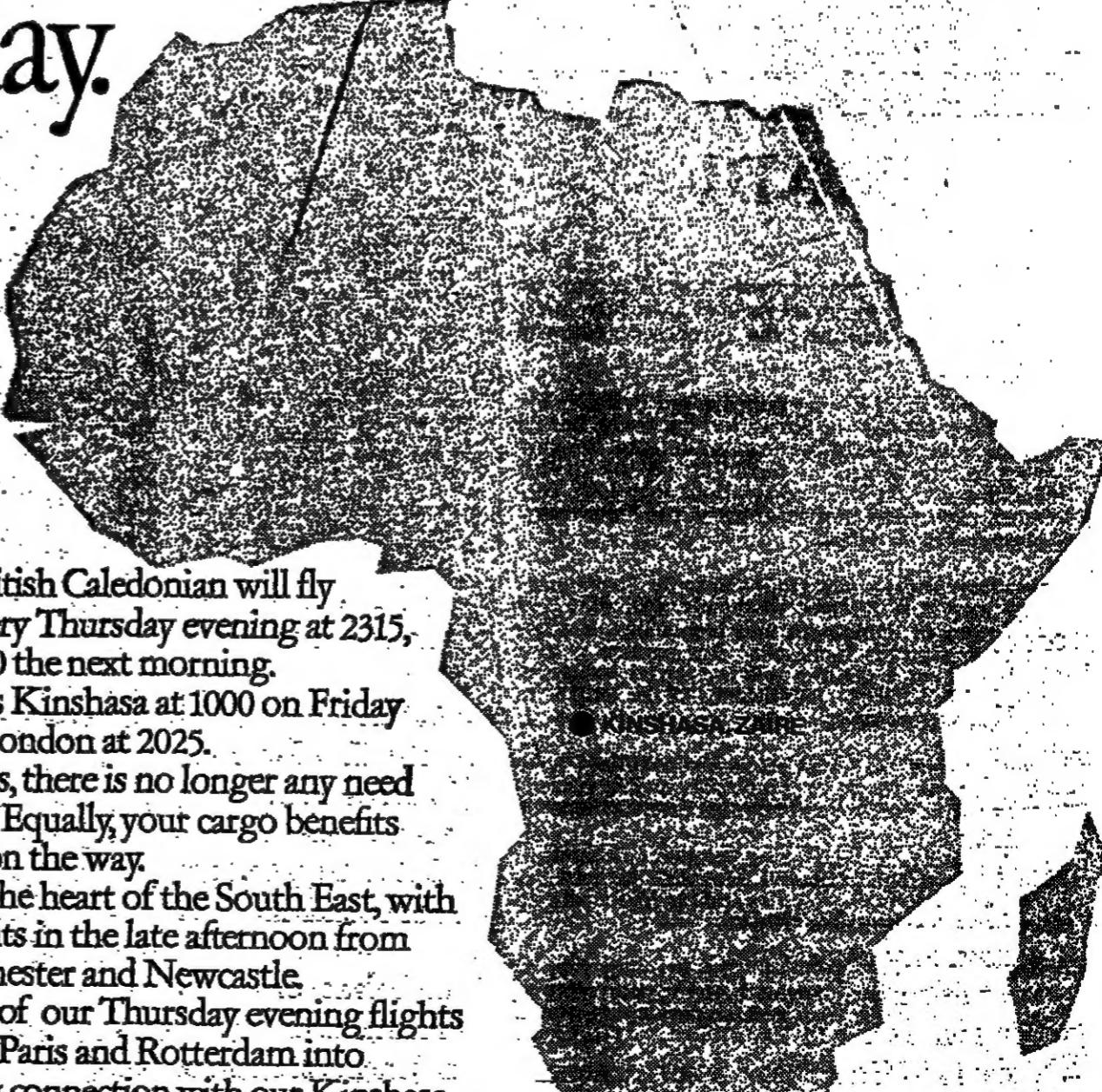
The strike would paralyse production throughout the country including most of the fisheries, which account for 12 per cent of GNP. Fishermen on trawlers of more than 500 tons have already been out for two months. Shop and office workers will remain at work at any rate until June 18.

Merchant ships were leaving harbour as quickly as possible to avoid the strike. Ships' engineers who had been out in sympathy with the fishermen returned to work yesterday fearing that their strike might be found illegal in the courts.

Airlines were expected to stop flying, though it may be possible to maintain international services until Friday.

Employers claimed that, as they are in an inflation rate close to 30 per cent, there was almost nothing in the likely 10 per cent increase in the current balance of payments a deficit of Kr.2bn. compared with Kr.1.8bn. last year. Next year, however, an increased demand is expected to lead to a deterioration in the current balance of a possible deficit of Kr.4bn.

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ITALIAN REGIONAL ELECTIONS

Sig. Fanfani's fight for survival

BY ANTHONY ROBINSON, ROME CORRESPONDENT

NEARLY 40m. Italian voters go to the polls on June 15 to elect new regional assemblies in the 15 regions set up in 1970 as well as in 86 provinces and 8,500 communes throughout the country. Theoretically that provides an opportunity for voters to express their judgment on the performance of the regions in their first five years of existence and on the administrative honesty and efficiency of their provincial and communal councils.

In practice, the story will be different. To be sure, the voting pattern will lead to the election of these officials, but that will be almost incidental to an election campaign fought almost entirely on the grand themes of national and international politics, so beloved of Italian politicians. None of your sp-0ne-the-rates-type arguments here! That does not mean that the local issues do not count, that local personalities do not have their influence, or that favours done and slighted received will be forgotten on voting day. Nor does it detract from the value of the various congresses, debates and lobbying for funds and influence in which all the parties have participated in preparation for the elections.

But all the local authorities, including the recently constituted regions, are deep in debt and limited in powers. Although one of the growing pressures in contemporary Italy is for greater autonomy and participation at a local level, the voters know that what really counts in the way in which the voting pattern affects the distribution of power between the parties nationally. That is of particular interest at this time because the elections of June 15 provide the first opportunity on a national scale to verify, at a year's distance, the full political impact of the CD divorce referendum vote of May 12 last year, which saw millions of Italians cross their respective party lines for the first time in 25 years to give an overwhelming 59 per cent vote in favour of what is generally recognised to



Sig. Amintore Fanfani

Sensing growing popular unrest at the underlying economic crisis, and particularly the heavy increased burden of taxation, Sig. Fanfani overnight became the palladium of lower taxation for married couples, especially harshly treated under the new tax law, even though this brought him into conflict with the Finance Minister, Sig. Bruno Vassalli, who complained that the tax system was in such a chaos that it would take three years to make it work provided that no one interfered.

This incident clearly demonstrates that at this stage the only thing that counts is to win

survival. Sig. Fanfani, virtually written off after the referendum, has bounced back with an impressive display of aggressive energy and tactical skill which has caught all the other parties, including the Communist Party, off balance. Scoring subtly, Sig. Fanfani decided that the campaign was going to be fought on his terms and early on he singled out anti-Communism and law and order as the principal themes to hammer home.

The elections, or at least to com-

plete the likely CD loss suffi-

ciently to maintain the party's Left as a whole will gain,

share over the 35 per cent. An-

other reason why Sig. Fanfani

has insisted that at this time

2.5m. over 18s who vote for the only electorally exploitable prob-

lem count is that he is well

aware that, after 30 years of hoping to top the 30 per cent.

uninterrupted power, the CD mark, although it is being in-

creasingly challenged on its Left

charges of corruption, mal-

administration, and patronage,

which underline so many of the

social problems influencing the

Tuscany, as well as Lazio.

The Socialists hope to gain

considerably, but look like being

disappointed in their aim to top

the 15 per cent. mark. Both

the Liberals and the MSI which has

been severely compromised by

the publicity given to numerous

examples of extreme Right-wing

terrorism, are expected to lose

ground along with the Social-

ists who have had their

electoral clothes neatly stolen by

Sig. Fanfani. The Republicans

are expected to gain marginally.

Provided there is no political violence to raise emotions and provided the electorate does not turn over its 30-year proven preference for moderate electoral change, Italy on June 15 should look very much the same as before. There might be one or two new "Red Regions" like Liguria and the Marche to add to existing Emilia-Romagna, Tuscany, and Umbria; several hundred new Socialists and Communists are expected to be elected in these elections. After

studying carefully the entrails of

voters will show a marginally greater volatility than hitherto.

But that the full extent of this

turn their attention to thinking

much of the movement from one

ernment crisis which will inevi-

tarily lead to another will probably be made more difficult by

be largely offset by movements in the opposite direction. The

between the four parties of the

CD party for example is expected

to gain votes on its Right at the

expense of the Social Democrats

of new general elections if

MSI which will partially com-

sociists and Christian Demo-

pease for losses to the crats fall to sink their

Left. That is expected to leave goes on.

Tito gives formal support to non-aligned N. Korea

BY PAUL LENGYAI

MARSHAL TITO, the Yugoslav leader, has come out in favour of North Korea's administration to the world group of non-aligned nations. North Korea would be the third full-fledged Communist country after Yugoslavia and Cuba to join the group if, as expected, the annual meeting in Lima in August approves its independence.

In a joint communiqué issued to-day to mark the end of the five-day visit to Yugoslavia of the North Korean President, Kim Il Sung, Yugoslavia said it fully supported the North Korean demand for an immediate withdrawal of all foreign troops from South Korea and the Communists' proposals as a basis for the reunification of the Korean

The Yugoslav mass media gave unprecedented publicity to the talks between Marshal Tito and the North Korean leader. In an improvised public statement made last night in Ljubljana, Marshal Tito promised to give full support both bilaterally and at international level to the right of what he called "our Korean friends" for the reunification of the Korean. Mr. Kim Il Sung repeatedly expressed profound gratitude for the Yugoslav support, both with regard to the admission of North Korea to the non-aligned group and to the "struggle for an autonomous and peaceful reunification of our country."

Economic relations are extremely limited between North Korea and the countries. President Kim Il Sung has just visited Yugoslavia, Romania and Bulgaria — but North Korea

is now regarded both by the one of each Communist Party, Yugoslavia and the Romanians as an important ally in resisting the Soviet attempts at the domination of the world Communist movement.

Mr. Kim Il Sung carefully avoided mention of either Russia or China and repeatedly stressed the equality and full independence of each Communist Party.

At the same time North Korea's

interests in the non-aligned movement, which has lately

played a rather insignificant role,

is claimed by the Yugoslav side

as a significant and symbolic

success for Marshal Tito's independent foreign policies.

Tokyo and the dominions, Page 8

EEC 'should aid Britain to avoid import curbs'

BY HILARY BARNES

THE EEC should provide Britain with financial assistance if this would help prevent the UK from introducing import restrictions, the Danish EEC Minister, Mr. Ivar Noergaard, said here today.

He told a briefing for foreign journalists that member countries should avoid introducing trade restrictions and the EEC should therefore be prepared to provide financial help.

"We would be very positive towards the EEC granting a British request for help if such a request were made," he said.

The Minister welcomed the result of the British referendum, to see the EEC concentrate on central problems, such as energy policy and monetary policy, and shelve detailed harmonisation plans, which only created an enormous bureaucracy and irritation in member countries.

He said that Denmark wanted to introduce the EEC concentrate on central problems, such as energy policy and monetary policy, and shelve detailed harmonisation plans, which only created an enormous bureaucracy and irritation in member countries.

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OVERSEAS NEWS

JAPANESE FOREIGN POLICY

Tokyo and the dominoes

BY CHARLES SMITH, FAR EAST EDITOR

JAPANESE Foreign Ministry statements on the regional situation remain as opaque as ever after the end of the Indo-China war, giving the impression that Japan's principal response to all foreign policy problems is to hope that they will go away. Behind this facade, however, some hard thinking has been going on in Tokyo.

The Japanese know better than anyone else that the next important domino to fall in Asia could be Korea. They also know that Japan itself, because of its enormous dependence on imported raw materials and its minimum spending on defence (0.84 per cent of the GNP), is one of the most vulnerable countries in Asia. The Japanese would be acting out of character if they had not already formed a very shrewd idea of how their forces are stacked in the aftermath of Vietnam.

The first conclusion which the foreign policy makers seem to have arrived at is both simple and negative. Barring a radical change in its domestic political situation, Japan has nowhere else to go but the American alliance. No Japanese Government could re-arm without outraging the majority of the electorate which believes in the sanctity of Japan's anti-war constitution. Similarly no Government could resort to undefended neutrality (the doctrine of the Japan Socialist Party) without losing the confidence of the business community on whose support every Japanese Prime Minister has depended since the war.

The American alliance has one other important advantage: it enables Japan to be benevolently neutral in the Sino-Soviet dispute instead of the nation capable of drastically shifting its position. When the East Asian power balance in Japanese Foreign Minister, Mr. Kiichi Mizawa, visited Washington in the final stages of the Vietnam war.

The Americans still have 30,000 troops in Korea (whose nearest point to Japan is about how much it needs the American an equal distance between

one potentially fatal weakness. Japan's Self-Defence Agency has exports to North Korea more than doubled in 1974 and consists of what the Americans would actually do, if the peace were disturbed in North-East Asia.

They also have the uncomfortable feeling that President Ford does not know either.

The Japanese have also shown its awareness of having been trying for years to maintain an equal distance between

"Japan is now very interested indeed in doing whatever might prevent Moscow or Peking from starting a war in Korea."

as far away as Boulogne is from Folkestone). They are bound by U.N. resolutions to defend the South against incursions from the North, although these could lose their force if the U.N. command of which American troops form the major part were to be voted out of existence this autumn by the General Assembly. But no number of U.S. troops in Korea, or for that matter in Japan itself, is likely to be much use without money, and the Japanese have been forming some disquieting impressions recently about the sort of financial support that might be approved by Congress if the North were to strike. A particularly well informed Asian statesman who was in Tokyo recently after a visit to Washington offered his Japanese hosts the opinion that the American military presence in Korea might last about 60 days if war broke out.

Faced with these uncertainties and with the lack of any basic alternative to their present policies, the Japanese are approaching their major priorities. They

are opportunity of reminding the Americans of how much they value the existing U.S.-Japanese security agreement. A renewed statement of America's commitment to defend Japan was

ought, when the East Asian power balance in Japan's favour, to be the best guarantee for the time being for Japanese companies willing to invest in North (although the foreign minister says this is strictly a business decision). That could

matter quite a lot since Japanese

More recently, the director of

example by revealing no trace of regional stability might result from prolonged and indecisive war. The three-cornered North

Okinawa to take part in the general objective of keeping out of trouble, Japan is now very interested indeed in doing whatever might prevent Moscow or Peking from starting a war in Korea.

There is a fear that the Russians might conceivably take such a course if they felt that the other powers in the region were ganging up against them, since Russian arms and money would almost certainly count for more than anything China could offer (with the possible exception of men) in any new Korean conflict. The Japanese Government has been trying hard not to upset Moscow in its recent conduct of the three-cornered relationship, even to the extent of causing itself considerable domestic embarrassment.

Mr. Takei Miki was particularly anxious to complete negotiations on the proposed Sino-Japanese Treaty of Peace and Friendship in time for ratification, during the current session of the Diet (ending early in July), since the would have been trying hard not to upset Moscow in its recent conduct of the three-cornered relationship, even to the extent of causing itself considerable domestic embarrassment.

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It is clever enough to keep on reasonable terms with Russia and China and its importance to the U.S. is enough to deter Washington, from willingly embarking on any course which might endanger Japanese security. In the last resort however Japan will remain a spectator between South Africa and the West were "growing."

Mr. Minty produced a letter apparently showing that the German company, AEG-Telefunken, had passed on to South Africa details of NATO equipment coding, in connection with Project Adovakat, a new large

telecommunications centre at Silvermine, near the Simonstown naval base, designed to track air and naval traffic over a wide area in the South Atlantic and the Indian Ocean.

Mr. Minty also produced photo-

stats of documents which he said showed that lists of spare parts had been prepared in various

countries (including by a German company and has no connection with Nato at all).

As for the codification system, which assigns common stock numbers to pieces of equipment for quick purchase, it is "open and unclassified" and is used by a number of non-Nato countries.

Nevertheless, these revelations—although they do not uncover the sale of actual weapons—may yet embarrass the British Labour Government, which again

had visited the electronics companies of Marconi and Plessey, had gone to France to talk to Thomson CSF and then to West Germany. Mr. Minty, who said that his evidence went a long way to explain the vetoes of France, Britain and the United States against a mandatory United Nations arms embargo against South Africa, has presented his allegations to the UN Special Committee against Apartheid for investigation.

But the Nato spokesman said that Project Adovakat is "a private industrial development to the reports."

that worries Japan in the aftermath of Vietnam. The other fear is that the changing power balance in South-East Asia (not the Indo-China situation itself, but its possible sequels) might endanger Japan's access to raw materials. Japan obtains vital materials, including oil, from Indonesia, and to a lesser extent from Malaysia and the Philippines. But the importance of South-East Asia as a source of supply is less than its significance as a strategic point on the Middle East route to Japan from the Malacca Straits between Indonesia and Malaysia, but also the various sea routes through Indonesia itself, were closed. Its main priority in South-East Asia is, therefore, not so much to get to good terms with the non-Communist powers in Indo-China, as to keep the offshore states both stable and friendly.

The achievement of this aim (as Mr. Kakuei Tanaka's visit to Djakarta demonstrated so pain-

fully early last year) is partly a matter of making the right noises about South-East Asia.

The significant point about to-

day's figures is the revelation that the economy plunged very steeply (by 0.7 per cent in the first quarter of 1975 according to figures released to-day by the Economic Planning Agency (EPA).

The agency also announced that for the whole of fiscal 1974 (the 12 months ending last March) the GNP recorded a 0.6 per cent decline.

JAPAN'S gross national product met the current fiscal year can be

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JUN 10 1975

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What could your company get out of Central Lancashire?

If a company is to succeed in today's economic climate, it has to deliver the goods—on time, at competitive rates, and preferably before anyone else.

That's why anybody in the manufacturing or distributive industries should be seriously thinking about establishing a base in the new town of Central Lancashire.

Because from here, you hold the keys to the markets of Britain, Europe, and indeed the world.

Here today, Bonn tomorrow.

On a cold December morning in 1958, history was made with the opening of Britain's first stretch of motorway—the Preston by-pass.

It was the start of a motorway system that eventually covered the whole of the country. Today the area's communications would make any Transport Manager envious. The M6, M61 and M62 put the ports of Liverpool and Manchester an hour or so away, and Hull perhaps three.

And along these time-shrinking motorways you have direct access to every major market in Britain.

Sea you soon.

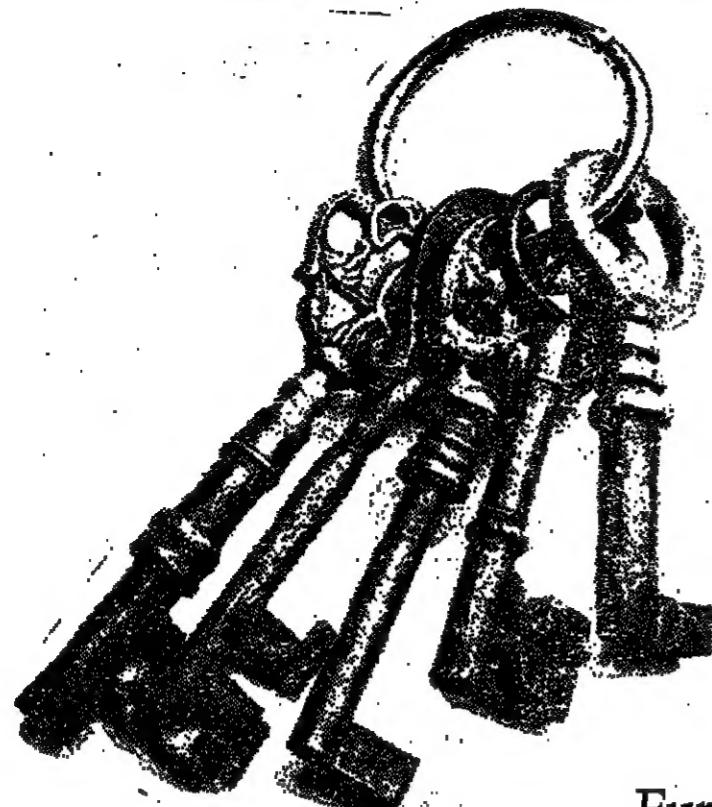
You won't exactly be in the doldrums if you import or export by sea either.

Within the area is the port of Preston, operating a roll-on/roll-off service, and with its own links to the national rail system.

The area's early involvement in the cotton trade helped the ports of Manchester and Liverpool to develop, and our connections have been closely linked since then.

Liverpool is Britain's most central deep sea port and it also has the most modern container facilities in the country.

Manchester ranks sixth largest in terms of tonnage,



and with the introduction of a container shuffle service, has halved the old return journey time to North America.

Fast training.

A company moving bulk loads by rail will find the 75 m.p.h. Freightliner trains right up their street.

They operate a door-to-door service, and from their nearby Manchester terminal, you can reach most major cities and ports in Britain.

FREIGHTLINER TABLE		
Depart Manchester	Destination	Arrive
01.58 hrs	Stratford	06.57 hrs
20.38 hrs	Willesden	00.10 hrs
02.28 hrs	Tilbury (for London Docks)	10.43 hrs
04.02 hrs	Southampton	11.36 hrs
11.30 hrs	Holyhead	16.07 hrs
18.43 hrs	Cardiff/Swansea	23.20 hrs
19.38 hrs	Hanwich/Felixstowe	03.05 hrs
21.40 hrs	Bristol	06.20 hrs

If you have a business meeting in London or Glasgow, it won't take all day to get there.

With the electrification of the through-line in 1974, journey times have been cut by nearly a third.

Step aboard one of the frequent Inter-City services at Preston and you can be in either city in around two and a half hours.

A flying start.

Your products can be at Manchester International Airport by motorway within the hour. Although much smaller than Heathrow in terms of freight handled, it nevertheless is the third largest in the country, with more than forty freight agents based there.



Scheduled passenger services provide direct flights to sixteen European cities and there are daily flights to New York and Montreal.

And nearby are the airports at Liverpool and Blackpool operating regular domestic passenger and cargo flights.

It will pay to move now.

Central Lancashire enjoys Intermediate Area status. So many companies can qualify for a variety of worthwhile grants. And as there are modern offices, factories and warehouses readily available, there's no need to divert vital capital from essential stocks and plant.

Of course you'd like to know more about Central Lancashire.

Phone or write to our Commercial Director, Bill McNab.



Central Lancashire
The foundation for your future.

Foreign cars take smaller share of fewer sales

BY MICHAEL CASSELL

NEW CAR sales last month were the lowest for any May since 1970. They were, however, marginally better than in the previous month and sales by foreign car manufacturers fell substantially from the record figure achieved in April.

According to the Society of Motor Manufacturers and Traders, total sales in May reached 102,286 compared with 98,230 in April. The figure does, however, represent a drop of 9.22 per cent. on the May, 1971 total of 112,719.

Imported vehicles accounted for 31,576 sales in May, or just under 34 per cent. of the total market, compared with the record 38 per cent. (36,986 units) recorded in April and 28 per cent. (29,433 units) in May, 1971.

British Leyland's share of the market fell from 18.1 per cent. in April to 17.9 per cent. in May. According to the SMMT, Japanese car manufacturers have increased their share of the U.K. market by 7.3 per cent. in the first five months of this year to just over 9 per cent. of all sales, when compared with the same period a year before.

Ford raised its market penetration, however, from a little over 18 per cent. in April to just beyond 20 per cent., although it stood at over 28 per cent. a year before. The company's Escort was, nevertheless, the best-selling model in May, with the Cortina coming second.

Vauxhall had a good month, May reaching 552,603, only 0.28 with its share of total sales rising per cent. below the same level from just under 6.5 per cent. in recorded in the corresponding

April to more than 11 per cent. last month, largely because of its success in selling the new Viva.

Chevrolet. The Viva was the third highest-selling car during the month. In May, 1971, the company's total share of the U.K. market stood at 6.6 per cent.

Chrysler, though bottom in the sales league among British car manufacturers, managed to increase its market share from just over 7 per cent. in April to about 8 per cent. in May, although it stood at about 9.5 per cent. a year before. Its best-selling model was the Avenger, in 7th place.

Nissan reclaimed the position as top selling overseas manufacturer from Renault, although its market share fell from 5.9 per cent. in April to 5.7 per cent. in May.

According to the SMMT, Japanese car manufacturers have increased their share of the U.K. market by 7.3 per cent. in the first five months of this year to just over 9 per cent. of all sales, when compared with the same period a year before.

Ford's share fell back from 6.6 per cent. in April to only 3.8 per cent. last month. Total imports from EEC countries in the first five months have boosted their overall slice of the market by around 14 per cent. to take 19.25 per cent. of all sales, affected by Eastern variations down by 1 per cent.

Seasonally adjusted, the figures (which exclude Commonwealth and Irish Republic arrivals) confirm an overall upward trend in recent figures.

Easter boost to tourist traffic

Some 542,000 foreigners came to the U.K. in March, a rise of 40 per cent. on the same month of 1974. The figure, although encouraging, has been partially boosted by an earlier Easter this year, in April in 1974.

During the first three months the total number of arrivals from EEC countries was up by 30 per cent. and from the U.S. (less affected by Eastern variations) down by 1 per cent.

Mr. Young suggests operating through National Insurance contributions, because he says, "this is the only form of Government revenue which can be adjusted quickly enough to deal with the problem before it is too late. He

Consumer chairman to join NEDC

BY SANDY MCLACHLAN

MR. MICHAEL YOUNG, chairman of the National Consumer Council, yesterday announced that he had accepted an invitation to join the National Economic Development Council as an independent member. At the same time, Mr. Young gave some details of a three-point plan to hold down prices which he will put forward at future NEDC meetings.

Describing this as "the overriding interest of consumers" Mr. Young said he estimated the cost of freezing the price of essential items covering around a third of the household budget and had managed to obtain almost £20,000 in compensation for consumers at a cost of less than £20,000.

There are now something like 50 CACs in operation. In addition to offering help and advice, they also report to the Office of Fair Trading on complaints against traders.

STUDENT SCHEME BY BARCLAYS

Barclays Bank is introducing a special student cash card for full-time students in further education. From August 1, it can be obtained over the counter from branches where students maintain accounts enabling them to cash cheques of up to £10 a day at any of the bank's 3,070 branches.

Barclays offers free banking to students and waives commission on overdrafts up to £50. These and other services are described in Barclay's revised booklet "A Student's Guide to Banking."

Benn sees new management-worker power balance

BY OUR LABOUR REPORTER

THE DISCLOSURE of information provisions of the Government's Industry Bill are designed to produce "a transfer of power to workers, telling you which way it is blowing."

He accused employers of only telling the truth "in the manner of absolute crisis."

But this desire for information has not in the past been satisfied by employers, said Mr. Wedgwood Benn, Industry Secretary. Benn who argued that this was a major reason why the "whole weight of union activity was exerted on the wages front."

In the face of this need for change in the balance of power in British industry, industry, democracy was to be given a chance, the Government's industrial policy, "If I got knocked down after this lunch, I don't think

there is a wind of change borrowing Mr. Macmillan's phrase in South Africa, of a force blowing through British industry," he added.

"I am no more than anything would be changed."

Disclosure 'will aid competitors'

BY MICHAEL BLANDEN

BRITISH COMPANIES could be at a disadvantage in relation to foreign competitors as a result of the controversial disclosure provisions of the Industry Bill.

A memorandum by the consultative committee of accountants, representing the leading six accountancy bodies, is strongly critical of the lack of definition of the powers proposed for the Minister to disclose information and the danger of leakage of vital commercial knowledge.

The memorandum argues that "the tendency for unrestricted information to be obtained and extracted by or for other Government departments appears to us to be undesirable, particularly of U.K. companies against U.K. formation which results in

the result might be misleading or misinterpreted."

It urges strongly "the curtailment of requirements to publish details on forecasts of future events, and the removal of potential liability for penalties relating to information about future events."

The Bill suggests, the accountants maintain, that "a limitation relating to the circumstances in which information may be withheld from trade unions and Government departments is inadequate."

More protection is needed, concludes, "for those providing the information both by way of greater penalties for its misuse and specific indemnification to be undertaken, particularly of U.K. companies against U.K. directors required to publish information which could probably not be as damage to the concern."

The memorandum draws attention to the possible disadvantage to be undervalued, particularly of U.K. companies against U.K. directors required to publish information which could probably not be as damage to the concern."

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HOME NEWS

New rates rise 'would prompt London exodus'

FINANCIAL TIMES REPORTER

A FURTHER increase in rates next year would prompt an exodus of business from the London area, according to the London Chamber of Commerce and Industry.

Mr. Michael Hughes, chairman of the chamber's council, told yesterday's annual meeting there was evidence that the recent round of rate increases was having a "severe effect" on companies operating in the capital and the south east. Further rises could make many decide to leave. As a result, Mr. Hughes warned, the remaining companies would be faced with even higher bills.

The chamber was not against a balanced regional development and, in practice, did more than most to help development areas but it could not make sense for the Government "to deliberately cripple" the country's most important industrial region.

The London chamber had to

be ready to speak up more forcefully for business in the London and south east region, and it also had to continue to put the case for profits, said Mr. Hughes. Industry was constantly being told that it had to invest more, but unless it could be encouraged to become more profitable, investment would become increasingly difficult.

Lord Mais, a former Lord Mayor of London, was elected yesterday as the chamber's new president, succeeding Sir Patrick Reilly. Lord Mais is a director of the Royal Bank of Scotland, Sterling Industrial Securities, City of London Insurance and other companies. He served as London's Lord Mayor in 1972-73.

Representing Britain abroad at present is not a pleasant task, said his former ambassador in Moscow and Paris, Sir Patrick Reilly. told the meeting. He said the first aim after the referendum

was to put our own house in order and restore confidence in Britain abroad. "It would be salutary if we British could see ourselves more as others see us."

"Our persistent economic troubles, our hesitations over the EEC, the mere fact that we could contemplate tearing up a treaty within four years of signing it, make a lamentable impression abroad."

Yet we are all convinced—I am sure rightly—that this is not the real Britain, and miraculously we still enjoy a fund of goodwill in the rest of Europe."

On the home front, Sir Patrick said, there was no subject needed to speak more loudly than that of the problems of London and the South East. "The chamber believes that the time has come to look again at the whole question of regional policy as it affects industry in London and the South East."

General Motors plans £6.5m. expansion in Scotland

BY CHRIS BAUR, SCOTTISH CORRESPONDENT IN EDINBURGH

ONLY FOUR days after the EEC referendum result, General Motors Corporation has announced plans for a £6.5m. expansion of its two Scottish factories—the largest single investment ever approved by the company in Scotland.

The company says that its decision—which will create between 400-500 new jobs, mainly in Lanarkshire—was not dependent on the outcome of Britain's vote on continued membership of the Common Market, although it was "consoled" by the favourable decision.

Mr. George B. Heaney, chairman and managing director of the Scottish subsidiary, said that commercially the project would probably still have been sound if the vote had gone the other way, provided that tariff barriers had not been raised again against the factory's output of heavy earth-moving equipment.

However, during the refer-

endum campaign pro-marketeers consistently argued that Britain's withdrawal from the EEC was likely to hinder the continued flow of American investment on which Scotland has become particularly dependent.

Factory area

On the day of the referendum, a new survey by the Scottish Council (development and industry) showed that during the year to the end of 1973, U.S. manufacturing investment in the rest of the border had risen by \$41m. to nearly \$265m. and the U.S.-controlled companies now accounted for almost 14 per cent of total manufacturing employment and nearly one-third of the engineering industry work-force in Scotland.

General Motors will increase its factory area by 137,000 square feet mainly at its Newhouse, Lanarkshire plant, which is the U.K. manufacturing base for its "Terex" range of rear-dumpers, haulers, crawler tractors, loaders and scrapers. There will also be some expansion at its plant at Peterhead, Aberdeenshire, which manufactures gears and gearboxes.

Mr. Heaney said that the investment was being made because of the strong continuing upward trend in world sales of earth-moving equipment. An average of 70 per cent of the company's output was exported. If working capital was included in the present investment, the sum involved was more than £13m.

The new employment, mainly for production machine shop-workers, will occur when the extended plants reach full production after December, 1976. The company employs 1,800 people at Newhouse and 400 at Peterhead. It began operations in Scotland in 1950 and its latest expansion will raise total factory space to over 900,000 square feet.

However, during the refer-

National management game semi-finals

By Michael Dixon, Education Correspondent

PLAY starts today in the semi-finals of the 1975 National Management Game, which began in January with an entry of 880 teams from all over the country.

The 18 remaining teams, whose "paper" consumer durable companies overcame a strike to win through the quarter finals, will now compete amid gloomy and worsening economic conditions and shortages of new factory equipment, to decide which four will go forward to the final.

Semi-finalists include teams from Eso Petroleum, GKN Screws and Fasteners, Guardian and Manchester Evening News, Imperial Metal Industries, Littlewoods Organisation, McGettigan Building Society, NCB Coal Products, National Westminster Bank, Northern Grid, Northern Grid, Northern Union (the 1973 champions), Karron, Sun Life Assurance, UML and Unilever's financial group. There are also two privately entered teams.

The final of the computer-based management contest, organised annually by the Financial Times, the Institute of Chartered Accountants in England and Wales—will be played in London on July 17. The winning team will receive £500, the championship trophy, and various subsidiary prizes.

This year the organisers are also running a "Plate" competition for teams which were knocked out of the championship proper in the first round. Of the 120 teams which entered this, nine are now left to compete in the semi-finals. The final of the "Plate" will take place in London on July 12, with a first prize of £200.

'Winner' for co-operative

KIRBY Manufacturing and Engineering Company, the Mersey-side workers' co-operative, hopes to become sole U.K. manufacturers of a new ventilating system.

Mr. Jack Spriggs, senior com-

mittee member of the Brussels Commission, and Mr. Per Haekkerup, Danish Minister of Economics, will be among the speakers at the conference, which is being organised by the Financial Times, with the British and Bergmansk Tidende.

Mr. Roy Hattersley, Minister of

Commonwealth Affairs, will present a Government view, and Mr. Ralph Berman, president of the Confederation of British Industry, will give the CBI view of Britain's future in Europe.

The fall came with a 44 per cent reduction, to £12.9bn., in the year, total cheque clearings, at the same time, rose 16 per cent to £1.3bn.

The fall came with a 44 per cent reduction, to £12.9bn., in the year, total cheque clearings, at the same time, rose 16 per cent to £1.3bn.

In the general department, increase of 14.8 per cent. Credit which is concerned with a clearing in the four months broader range of economy were 20.4 per cent up.

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May, 1975

May, 1974

Change

£m.

£m.

%

Credit clearing

Debit clearing

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COMPANY
NOTICES

**TRANSVAAL CONSOLIDATED LAND AND
EXPLORATION COMPANY LIMITED**
(incorporated in the Republic of
South Africa)

PAYMENT OF COUPON NO. 72
With reference to the company's interim
report and dividend statement dated 21
February 1978, the following information
is published for the guidance
of shareholders:

The dividend was declared in South African
currency and in accordance with the
recommendation of the Board of Directors
of the company in the meeting held on
21 February 1978, in the Kingdom of
South Africa.

The telegraphic transfer rate of exchange
on 21 February 1978 was £1.00 10/11
to the pound.

Payment will be made on 21 June 1978
to shareholders in South Africa.

Dividends will be paid in South Africa
in United Kingdom Pounds Sterling
at the rate of £1.00 10/11 per pound.

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(Established 1822)
INCORPORATING THE FINANCIAL NEWS

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WEDNESDAY, JUNE 11, 1975

Oil producers ask for more

AFTER more than 18 months of stalemate on the question of oil prices, the producers have finally decided to seize the initiative for themselves. The final results of the latest OPEC meeting in Gabon have still to be announced. But already the message is clear. A decision to readjust the dollar basis of oil price quotation and set it against a basket of Western currencies has been virtually made, although the details have still to be agreed. More ominously, almost all the producers are now openly talking of a substantial price increase to recover the past effects of inflation once the self-imposed moratorium on increases ends this September.

The development is hardly surprising. Ever since OPEC decided to raise the price of oil fivefold in the period 1973/74, the producers have experienced a steady decline in the real value of those price increases as a result of the rapid inflation of costs of their imports from the West and as a result of the decline in the value of the dollar on which their oil revenues have been assessed.

Restraint is over

In the eyes of the more radical producers at least, this period has served only the interests of the consumers, alternatively, play it by ear, who have simply stood by seeking to revive the dialogue and enjoyed the benefits. Now that the period of price restraint is over, runs the argument, the producers are both the producers and the deftly justified in taking self-protective action to raise prices and enforce, if necessary, full indexation against world inflation rates. The argument has its appeal for the producers. There can be no doubt that, contrary to some expectations, they have been able to absorb the recent fall in demand to prevent an OPEC price increase next September. And there is equally no doubt that they have a case in arguing that the consumers have shown themselves surprisingly reluctant to accept the hard facts of the oil production pattern.

Yet, from the consumers' point of view, things cannot be that simple. To demand, as the producers have done, a firm agreement not just on oil prices

Paying the price for performance

THE TUC believes that the like the prestige that goes with inequality of earned incomes, it, most of them are motivated ranging from £1,000 a year at part by the desire for more at the bottom to nearly £100,000 a year. Unless a company offers at the top, is a serious cause of a salary structure which provides for substantial increases in remuneration from one level to the next, it will not reflect the best performance from its staff. This, of course, does not explain why the chief executive of one company earns more than his counterpart in another, but such disparities are inevitable in a mixed and relatively decentralised economy; even the TUC would shy away from a centrally imposed national job evaluation scheme affecting every enterprise in the country.

Inflation
The TUC's analysis leaves several factors out of account. First, the combination of progressive taxation and high inflation has struck hard at the real incomes of higher-paid managers. ICI has pointed out to the Commission that over the past five years its weekly paid employees had seen their real after-tax salaries rise by 25 per cent, while those of senior managers had been static or had declined by up to 15 per cent. This was why ICI had such difficulty in persuading its overseas-based managers to return home and even more in attracting foreign nationals to UK-based jobs.

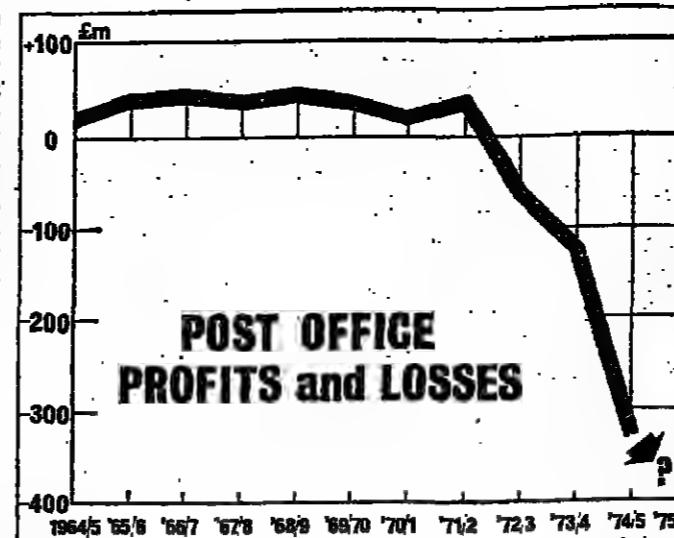
Second, although the international market for executives is an imperfect one (because personal and family ties often outweigh salary differences), it is nevertheless an increasingly important consideration for to work efficiently, some people companies which operate in will always earn very much more than others; any attempt to legislate against this is likely to damage performance. What least, if the Secretary of Energy, was able to hire opportunity, so that the jobs a suitable chief executive for which carry high salaries are open to all. That is why in the U.S., as the TUC itself recognises, the perception of inequality is much less than in the U.K. even though income differences are larger.

Market economy

But if the market economy is to work efficiently, some people companies which operate in will always earn very much more than others; any attempt to legislate against this is likely to damage performance. What least, if the Secretary of Energy, was able to hire opportunity, so that the jobs a suitable chief executive for which carry high salaries are open to all. That is why in the U.S., as the TUC itself recognises, the perception of inequality is much less than in the U.K. even though income differences are larger.

A dear stamp of failure on the Post Office profit plan

BY HAROLD BOLTER



Deterioration dramatic

The deterioration in the Post Office's prospects since that performance seemed possible has been dramatic. It is now thought to be heading for a 1975/76 deficit of well over £300m, unless something is done. There are three main reasons for this:

the effects of inflation were mis-calculated; the business recession has been more severe than anticipated at the turn of the year; and the P.O.'s customers have resisted the spring round of price rises on a scale not experienced previously.

When Sir William Ryland, the Post Office's chairman suggested that the Corporation could come close to breaking even during 1975/76 without further price rises, he had built an inflation rate of around 20 per cent into his estimates. In the event, this looks like being around 10 per cent, too low.

For the Post Office, this misplaced optimism about the course of the economy has been highly significant. As the country's largest employer, with a labour force of some 420,000 and its biggest investor in capital equipment (at least £800m, this year) the P.O. is particularly vulnerable to inflation.

Even though the latest pay rises in the industry fell broadly within the terms of the social contract, the Post Office's total pay bill has risen from some £300m, a year when it became a Corporation in 1969 to over £600m. In addition, of course, inflating has meant that the P.O. is now paying more for its bought-in equipment and meeting higher interest charges.

Recent calculations by the Corporation suggest that the heavy postal price increases in March led to an overall fall of about 8 per cent in traffic, and this may prove an underestimate. Mr. Tom Jackson, general secretary of the Union of Post Office Workers, has suggested a figure of 10-12 per cent when the meter stamps used by business concerns are checked.

But the Government and the

dramatic change in Post Office fortunes (above) means a £300m-plus loss this year unless a drastic solution is found. When Sir William Ryland (below), the Post Office chairman, suggested that the Corporation could come close to breaking even during 1975/76 without further price rises, his estimates were based on an inflation rate of around 20 per cent. That figure now looks like being too low by some 10 per cent.



from the first class service to the second class. Before the

second class service. This is why the idea of a This is why the idea of a fundamental change in the present two-tier postal system may well appear among the new economy measures which the Post Office will put to Lord Pendrie's Post Office Users' National Council shortly. For the most part, however, Lord Pendrie, chairman of the Council, will be placed in the rather embarrassing position of re-examining a set of proposals turned down in 1971. At that time the POUNC maintained that both

businessmen and the general public would prefer a straightforward price rise to any diminution of the postal service.

The Post Office is not at all sure,

on its recent experience, that this is any longer the case.

Four years ago the corporation suggested that it could be saving as much as £80m a year

by 1978 if it was allowed to re-

shape Britain's postal service. With inflation, this figure could be substantially higher, while the time-scale will also have been advanced, but the ban on equipment which has been lying under wraps at seven parcels and letter offices, should come into use shortly.

There are 12 letter sorting offices using the modern sorting gator, letter-facer and sorting machines. By 1980, there should be 70. On the parcels side, 12 of an intended 27 centres are already mechanised and another four are about to be. Eventually, the Post Office expects its mechanisation programme to save about 9,000 jobs.

These are some of the areas where the Post Office management is looking for cost savings, although there are obviously other ways it could economise through, for example, a reduction in its publicity budget.

There is one, more significant problem area where Government help—although not in the form of a subsidy—is being sought. This is the P.O. pension fund, for which a deficiency of £1.1m was reported for the first time, last year. For

some time the Corporation has been trying to get State support for the funding of part of this shortfall.

Notional stock of Consols

Most of the deficiency relates to the service of P.O. employees before the Post Office became a public corporation in 1969. At that time the Government credited a notional stock of Consols to the pension fund in respect of this service. Unfortunately, with inflation, the pension fund's liabilities have gone up while the value of the Consols has fallen. As a result, the funding arrangements of the pension scheme are hopelessly inadequate.

The Post Office's argument is that, since so large a part of these liabilities stem from a period before the Corporation came into existence, the sums involved in meeting them—some £100m, last year—should be provided by the Government. The alternative is that the Post Office will have to pass them on to its customers.

Until the Government makes up its mind about the pension fund, mostly achieved by natural wastage. There will also be reductions on the telecommunications side (plus, probably, some cutback in the telecommunication's investment programme).

Significantly, the Union of Post Office Workers agreed to lift a four-year ban on the use of mechanised sorting equipment only last month, and this

will be more scope for flexi-

The FAMOUS GROUSE SCOTCH WHISKY

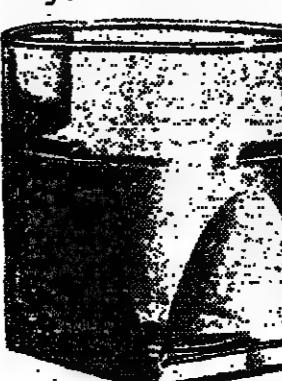
Quality in an age of change



Your first sip of Famous Grouse whisky will tell you why it costs a little more than its rivals. We scarcely need to spell out the ancient pedigree of this mellow, balanced blend—for here is bottled history.

Enough to say that Famous Grouse whisky is the cumulative creation of one distinguished family who have been blending fine whiskies since 1800.

So call it taste, discernment, what you will, this is the whisky for you.



delivering (or trying to deliver) foam to MPs and leaving a sample on the doorstep of Environment Secretary Anthony Crosland's home.

On the face of it, cavity foam

is a good way of saving on heating bills.

It is claimed that on the average semi-detached house, £120-worth of work will save up to 30 per cent on fuel costs annually.

The trouble has been that, in a depressed building industry, the sudden boom in such insulation

has led the Environment

Department to instruct local

authorities to apply strict

controls.

The result says the Cavity

Foam Insulation Association, is

that under-manned councils are

reluctant to consent to special

ised work, and an "almost

complete standstill" has come

to the business.

Thus yesterday's protest.

John Baker, founder and vice-

chairman of CFIA, agrees that

"cowboys" have tarnished the

image, but says problems have

only been arising in three in-

stalations per thousand.

"a much better track record than

for other building materials."

CFIA, unimpressed by DoE

promises of slight relaxations

in the regulations which will

take six months to activate,

suggests predictably enough

that installers should stand

approved by virtue of association

membership, with the

attendant insurance scheme.

This pays off, a spokesman for

CFIA pointed out carefully,

even if the installer's firm

folds.

Be specific

Gwyn Morgan, Chef de Cabinet

to George Thomson, a British

member of the European com-

mission, trying to pin down a

questioner at a City occasion

yesterday: "Are you frustrated

—or are you being interfered

with?"

Foaming

Hard to adjust to the topic on

such a pleasant day as yester-

day, but representatives of the

cavity foam insulation industry

were rushing around London

Observer

Matthew Groat & Son Ltd, Perth, Scotland. Established 1802. Sole Distributors for England, Wales, I.O.M., Scotland & Co. Ltd., London, Birmingham, Manchester, Liverpool, etc.

Next month sees the first Soviet-U.S. manned space mission. Michael Donne assesses the significance of the project for the future

Journey into space for East-West detente

THE TECHNICAL count-down moon-landing programme, and for one of the most significant the later Skylab earth-orbiting man-made spaceflights yet is now laboratory programme which is well advanced. The mid-July ended in 1973, that would not rendezvous and docking in otherwise be employed on man-earth-orbit of an American three-man Apollo spacecraft with a Soviet Union Soyuz two-man craft will be the world's first international manned space mission.

The Apollo-Soyuz Test Project for ASTP as it is now commonly called is more than just a technical link in the world's two biggest space programmes. It had its origins in discussions begun in 1965 between the U.S. National Aeronautics and Space Administration and the Soviet venture. Once the basic obstacles are removed through possibilities of collaboration in the ASTP, it is argued, a wide range of joint "space options" science and its applications, is open to the two countries. But the idea was enthusiastically taken up by former President Richard Nixon as part of his plan for detente and even uncrewed interplanetary flights in big laboratories and a much probes. So far, no such further agreement on U.S.-Soviet space collaboration that he is expected that the space signed in Moscow with Premier Kozmin on May 24, 1972. From meet later this year to study joint manned spaceflights for the later 1970s and 1980s.

Finally, the aerospace manufacturers in the U.S. have welcomed the ASTP, because of the continued volume of work given to space technologists who have been having a difficult time because of cuts in the overall NASA budget. Universities and other academic bodies paying more than \$250m. to world-wide have welcomed it, too, because of the scope welcomed by many for a variety it gives for further extra- of reasons. NASA itself has been in pains to stress that the mission has been criticised by some in the U.S. (the U.S. taxpayer is towards it), the project has been welcomed by many for a variety it gives for further extra- of reasons. NASA itself has been in pains to stress that the mission itself is likely to be as dramatic as any past right, helping to fill some of the gaps in knowledge about the world once again being treated as a television spectacular. It will keep alive skills developed through the Apollo programme, covering the launching through the rendezvous and docking, this being followed by a series

of exchange visits between the astronauts greeting each other, and three American and two Soviet the final separation and splashdown. Just how far the world jointly undertake a series of will be given direct pictures of scientific studies in space, and the highly secret will part after about two days Soviet space facilities remains to be seen, but certainly the Earth almost immediately. ASTP intends to put on the landing back in Kazakhstan on July 21 after having been in space for 14 days.

The nine-day mission will orbit for about 142 hours, while start with a Soyuz spacecraft the Apollo craft will remain in Kazakhstan on July 15. An additional range of scientific experiments before splashdown will come the launch of the Apollo spacecraft from Cape Kennedy, Florida. Two days later, the two craft will rendezvous in space and then dock.

Brigadier-General Thomas E. Stafford, 45, of the U.S. Air Force, one of the world's most experienced astronauts, with first man to take a "walk in space" when he flew in the final separation and splashdown. The five men will be given direct pictures of scientific studies in space, and the highly secret will part after about two days



Leader of the U.S. space crew in the Apollo-Soyuz project, Brigadier-General Thomas E. Stafford (left) with his Soviet opposite number, Colonel Aleksei Leonov, during training. The Americans have spent up to six hours a day learning Russian, and the Russians English.

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sive measures have been taken other aspects of the original to ensure that even on the NASA-Academy of Sciences ground throughout the flight studies (which themselves were an will be plenty of tech-given more tangible form in an nicians around who can speak agreement signed between the the other's language.

Most of the experiments that will be performed will be either in the fields of space medical or scientific, the first meteorology, the study of the whether long spaceflights can be exploration of near-earth space, the moon and the planets, and co-operation in space biology and medicine. Joint working groups from the two countries have been engaged in all these fields.

Look different

So far, however, there has not been a direct exchange of experiments with joint satellites or the satellites of one country carrying the experiments of the other, and even in the ASTP each side is constructing its own hardware in its own way, although it is based on specifications agreed jointly. Thus, the two spacecraft will look very different as they orbit locked together. Furthermore, each country continues to run its own space programmes very much in its own way, with a good deal of competition still evident, for example, in some of the deep space probes to distant planets.

Thus, although co-operation has come a long way since the first informal exchanges between NASA and the Academy of Sciences in 1968, there is still a long way to go. The ASTP is nevertheless a major step forward in international space collaboration, and for that reason alone it seems likely to capture the imagination of millions around the world as they watch their television screens in six weeks

Letters to the Editor

The Shotton Work force

From the Chief Executive, Clwyd County Council.

Sir—I have read with interest your articles of June 2, 3, and 4 concerning future investment in the steel industry and the fears of Teesside. I would offer the following comments, particularly in regard to the references made to Shotton's steelworks.

The Welsh Office of the Labour Party has rightly stressed, as we have, that development of steelmaking at Shotton would provide much needed flexibility and profitability for British Steel Corporation. The suggestion, however, that development at Teesside could be phased seems to have been misjudged in north east England.

Development at Shotton is, we believe, essential to the interests of the BSC but the value of Redcar is mainly in the long term. A study of the relative costs of the plants illustrates this. An integrated plant of 2.05m. tonnes capacity could be established at Shotton for a mere £120m. compared with the proposed works at Redcar producing 1.2m. tonnes at a cost of £1.5bn. This point is emphasised when it is considered that the £150m. scheduled to be spent shortly on one blast furnace at Redcar would more than suffice for the entire Shotton modernisation programme.

The current economic situation and immediate prospects surely dictate that investment at Shotton must be given the highest priority. It should, however, be emphasised that this investment would in no way preclude the full development of Redcar into the biggest steelmaking centre in Europe. Rather, investment at Redcar should be seen in the long term when markets and the demand for steel have stabilised.

Jobs lost

The comments of several Teesside MPs, particularly those of Mr. Ian Wrigglesworth — "We must show the strength of feeling on Teesside about the future of the complex. We have lost about 8,000 jobs since 1968, so we have just as good a case as Wales" — disregard the fact that Shotton would be the hardest hit of any area in Britain under the steel rationalisation programme (as RSC has readily agreed). The Shotton area alone would lose 7,500 jobs if steelmaking is ended, whereas Teesside would have a net gain of 1,500 jobs in the long run. But Teesside is not likely to suffer a shortage of jobs since it has very good prospects for industrial development, and we should not lose sight of the fact that major private investment is planned for the area. Indeed, in an article in your newspaper of May 18, 1974, Mr. Colin Baker, chairman of the Northern Economic Planning Council (and he ought to know if anyone does) made reference to a probable shortage of skilled labour for the RSC Redcar complex and the offshore oil industry in the north east where 10,000 more skilled men would be needed by 1978.

In addition, the North of England Development Council, in its annual report of May 16, 1975 (as reported by the *Guardian* of May 17, 1975), stresses that future employment prospects for the north east are very favourable. The chairman, Councillor Derek Foster, emphatically: "In the energy field, the region is now unique in its importance to the

Government's financial incentive programme, and I believe that any assurances on protection against inflation will not make any difference. I would place the difficulties relating to inflation as next in order of priority, and here again, an important point of principle appears to have been submerged. Final pay pension plans have assumed a greater relevance because of the problems of inflation. Current levels of inflation and the inability of pension plans to cover inflation by investment income will ultimately bankrupt every funded plan in the country.

Unless the Government provides a real financial incentive, I believe that any assurances on protection against inflation will not make any difference. I would place the difficulties relating to inflation as next in order of priority, and here again, an important point of principle appears to have been submerged. Final pay pension plans have assumed a greater relevance because of the problems of inflation. Current levels of inflation and the inability of pension plans to cover inflation by investment income will ultimately bankrupt every funded plan in the country.

Inflation can only be controlled

by a reduction in the cost of present pensions, is that they shall belong to a pension scheme but unlike the private scheme this is the additional component in the new state scheme. Unless the Government is able to reduce inflation to a more sensible level, it has an obligation to provide benefits from which will ultimately be drawn from taxation. The implications of pension plans with an inflation-proof investment similar to the recently announced SAYE and pensioner investment schemes. Only then will the employer with a private pension plan assume the financial responsibilities

about the new Bill is that it promises what cannot now be delivered without making provision for how it will be possible for its benefits to be delivered when they arise. The only indication of how inflation-proof benefits can be delivered arises from the provision that any employer contracting out of the graduated scheme against inflation. While no-one would quarrel with that aim, I am concerned that no similar protection is to be given to the equivalent plans contracted out under the National Insurance Act. Effectively, this is retrospective legislation and it will ultimately result in contracted-out employees being substantially worse off than their contracted-in colleagues. In registering this protest, I believe there is a valuable lesson to be learnt when an employer looks at the new state pension scheme with a view to contracting out.

I do not think the Government appreciates the effect that the consequent reduction in private plan benefits will have on the savings generated in the United Kingdom for long-term investment. The Bill was presented to Parliament on February 27, and the Government intends Royal Assent to be obtained by July 1. I believe this is too important a measure for such haste and for such unreserved acquiescence.

Mr. T. M. Haydn Rees, Clwyd County Council, Shire Hall, Mold, Clwyd.

Inflation and pensions

From the Chairman, Harris Groves and Partners.

Sir—While I fully support Mr. Burton (June 9) I would go further. I do not believe that inflation alone will be the main reason for employers not wishing to contract-out though I agree that it would be a powerful enough incentive. On present day values, a contracted-out plan will probably find it more costly to provide the minimum benefit required than the saving in contributions to the state scheme allowed in the Bill. I believe this has two main causes:

(a) The Bill evidences a standard in that a contracted-out plan must provide more than twice the benefit for long-service employees than the state scheme would provide for the period of contracted-out service.

(b) the Government Actuary has assessed the reduction in contributions from the effect of the reduction will have on the state scheme, which is unfunded. This is an understandable but hardly a practical yardstick as the plan which is to contract-out has an entirely different view-point.

Unless the Government provides a real financial incentive, I believe that any assurances on protection against inflation will not make any difference. I would place the difficulties relating to inflation as next in order of priority, and here again, an important point of principle appears to have been submerged. Final pay pension plans have assumed a greater relevance because of the problems of inflation. Current levels of inflation and the inability of pension plans to cover inflation by investment income will ultimately bankrupt every funded plan in the country.

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Mr. T. M. Haydn Rees, Clwyd County Council, Shire Hall, Mold, Clwyd.

Mr. D. Edwards.

Sir—Legislation on the Social Security Pensions Bill could hardly have been timed better had it been deliberately introduced to minimise publicity. The Committee Stage began immediately after one recess, the Report Stage begins immediately after another. Bearing in mind the long-term effect that this legislation will have, it is unfortunate that discussion has been muted.

David A. Edwards.

The Pugilist,

95, Bromham Road, Bedford.

The debate on Mr. Stonehouse

From Mr. J. Stratford

Sir.—Few people could have had much sympathy with John Stonehouse when the "Stonehouse affair" began, and even fewer with his complaint that the Establishment "were out to get him." In view of the total lack of help and co-operation by the U.K. authorities to enable Mr. Stonehouse to travel to the U.K. in order to speak in the Commons debate on his possible exile, there must now be some doubt as to whether there is not an element of truth in what he said. This doubt can only be erased by allowing Mr. Stonehouse to speak to his fellow MPs in Parliament. The House of Commons should therefore adjourn the matter until he has the opportunity to do so.

John E. Stratford.

"Penzance," Penzance Road,

Georgina Cross, Bucks.

Penzance, Penzance Road,

COMPANY NEWS + COMMENT

Travis & Arnold falls to £2.6m.

BUILDERS MERCHANTS and timber importers, Travis and Arnold, reports turnover up slightly from £31.63m. to £32.08m. for the year to February 28, 1975. net taxable profits of £2.63m. compared with £2.91m. after £0.35m. against £0.33m. for the first half.

The directors say that the reduction in profit is primarily due to action taken to eliminate some £600,000 of pre-tax profit generated in the previous year which was in excess of the level allowed under the counter-inflation legislation of 1973.

This position has now been corrected but involved reduction in selling prices which, owing to the sharp fall in demand did not result in the usual compensation of higher sales.

Earnings are to be down from 20.6p to 19.6p per 25p share. The dividend is lifted from 2.608p to the maximum permitted 2.837p net, with final of 2.31p.

Tax for the year taken 1.36m. (£2.13m.) and extraordinary dividends 518,000, leaving the attributable balance is £1.26m. (£1.76m.) of which £1.08m. (£1.6m.) is retained.

The dividend is 43 per cent gross (50p per cent). The extraordinary item for 1975 represents a net profit on sales of freehold property.

● comment

Travis and Arnold ended 1974-75 nearly a third down pre-tax, a slightly greater drop than at the half-way stage. But whereas the main influence in the first half was margin adjustments required by the Price Commission, the second-half decline was principally explained by a sharp fall in demand and margins on the timber side, particularly about half the group's business. Price cuts here resulted in stock losses of probably between £300,000 and £400,000. Activity on this side is still at a depressed level, but numbers of building, fitting and plumbing materials are so far "quite well ahead" of a year ago. Moreover, in 1975-76 the group will not be faced with the margin problems, and consequent profit reduction of a year ago. Overall, the group is hopeful that profits can be increased, and while a field of 6.6 per cent. at 88p is hardly exciting for the sector, the cover is 3.1 times.

AVP DIVIDEND

The Board of AVP Industries has convened a meeting for August 3 to consider recommending a final dividend on the Ordinary shares for the year to March 31, 1975.

● comment

Scotcros has decided to cut its

INDEX TO COMPANY HIGHLIGHTS

Company	Page	Col.	Company	Page	Col.
Alpine Soft Drinks	12	6	Harrison & Crosfield	20	2
Arenson (A.)	78	3	Heath (C. E.)	20	6
Atlantic Shipping	19	1	Hill Samuel	19	4
Cameron (J. W.)	18	5	Johnson Matthey	19	6
Capper-Neill	18	7	Lipton (L.)	19	4
Carless Capel	20	1	London & Lennox Inv.	19	2
Chamberlain Phipps	18	4	Mountview Estates	19	7
Chloride Group	19	1	Nation Life	18	4
Dartmouth Invests.	19	5	Scotcros	18	2
Firmin & Sons	19	8	Scottish Feritable	19	4
Gordon Johnson-Stephens	19	3	Travis & Arnold	18	1

Scotcros ahead to £0.6m.

A 15 PER CENT. pre-tax profits increase to £60,662 on a 10 per cent. rise in turnover—against the £58,320 before tax of 1974-75. An extraordinary credit adds £15,780 (debit, £27,780) and £70,123 (£70,536) is retained.

The dividend is 43 per cent gross (50p per cent). The extraordinary item for 1975 represents a net profit on sales of freehold property.

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lose and pull out of cash and carry, where the turnaround of £90,000 to a £50,000 loss last year accounted for the lion's share of the £126,000 decline in profits from the food division. The food services and engineering operations on the other hand put up an impressive performance with profits 15 per cent higher. Here, food processing products for the food industry showed a very strong growth along with a modest increase from refrigerated lorry bodies and a turnaround to profit from food preparation equipment. Without the cash and carry operation estimates of at least £3m pre-tax for this year do not seem excessive on current trading, particularly as bank borrowings are down to £1.5m. and there is the £1m. injection from the Booker deal since then. The shares are evidently traded in this market, but nevertheless the yield is 11 per cent. at 34p.

Arenson's first half expansion

FOR THE six months to January 31, 1975, profit before tax of office furniture and equipment manufacturers, A. Arenson (Holdings) expanded £70,000 to £204,000 on turnover up from £22.7m. to £23.17m.

The Board does not anticipate that the second half will show the normal growth pattern experienced in previous years.

More difficult trading conditions are being encountered during the second half as home market customers reduce their stocks in the light of the economic and political situation. "We have every confidence that given reasonable economic conditions this trend will continue," say the directors.

Given earnings have risen from 3.4p per 25p share and the interim dividend is raised from 0.93p to 1.25p net. Last year's total was 2.97p from profits of £1.95m.

Turnover in the period increased by 30 per cent. Demand for the company's beers increased by 8 per cent. volume, compared with the national average increase of 1 per cent. "We have every confidence that given reasonable economic conditions this trend will continue," say the directors.

Half year Year

Turnover £1.29 2.96 1.80

Pre-tax profit 966 2.96 1.03

Tax 465 3.01 0.94

Ord. div. 11 1.25 0.94

↓ After charging property valuation costs of 25.000.

Turnover 1974-75 1973-74

Pre-tax profit 11.29 8.96 1.80

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Chloride up 19% after static second half

A NEAR-STATIC second half of £5.26m has left the Chloride Group up 19 per cent ahead from £13.67m to £16.22m for the year ended March 31, 1975. Interest charges were more than doubled to £4.52m.

Although the company (which makes rechargeable batteries and associated products), expects the world recession to impinge on business for a further 12 months, it is helped by its product categories not having identical economic cycles, say the directors. The company faces with confidence the economic challenge which lies ahead, they add.

Excluding per 25p share, before tax, are shown to have increased from 18.5p to 19.3p and after tax from 8.7p to 10.3p. A final dividend of 2.488p net as forecast increases the total from 3.1146p to the maximum permitted 3.3861p.

At the halfway stage the directors said they expected subsidiary and associated companies outside the U.K., which accounted for 50 per cent of group pre-tax profit during 1973-74, to provide an increased proportion of profit during the year.

In the event associates increased their contribution from £53.000 to £89.000. An amount of £44.100 had been allowed for U.K. subsidiary movements.

The directors state that investment in new plant, buildings and equipment during the year was £10.6m and a similar level of expenditure is planned for 1975-76. Chloride "firmly believes in investing during a recession to ensure that its capacity will be in time of peak demand." The Group has recently announced its decision to build a motive power battery factory near Manchester, costing up to £11m. over three years.

Borrowings at the end of March are in line with the Board's expectations at the time of the Report to Shareholders in November 1974, they add.

In 1974-75 U.K. companies contributed 49 per cent of operating profit and companies outside the U.K. contributed 51 per cent.

Good outlook at London & Lennox

Providing there is a reasonable and sound economic background Mr. W. R. Watson, chairman of London & Lennox, which manufactures equipment for the poultry industry, rose from £311,243 to a record £332,178 during the year to February 28, 1975, after a marginal rise to £30,374 at half year.

In a statement last month announcing a one-for-two Rights issue to raise £200,000, the directors reported that unaudited pre-tax profit indicated a result "not less than" the preceding year. The profit is struck after deducting interest charges up from 5.41p to 5.59p.

Borrowings per 25p share are shown to be up from 8.5p to 10p basic and from 8.2p to 9.5p fully diluted. Dividend total is up from 1.445p to 1.5p net with a final of 1p.

Shepperton Studios may get offer

A bid of over £1m. is expected to be made for Shepperton Studios by the new owners of British Lion Films, next month.

The new owners, Mr. Barry Spink and Mr. Michael Deseley, bought the company last week in a £1,241,000 deal from Lion International.

They want the studios to make their own films and to carry on the profitable policy of renting Shepperton to independent producers.

Mr. Spink said yesterday: "We cannot make any official approach over the studios until after June 28, when Lion International's shareholders will be asked to give their final approval of our buying British Lion Films."

The dividends is 14.8p net. Last year's total was 22.5p which included 7.5p from a surplus arising on the sale of M.W. Evans and

the U.K. This manoeuvre was restricted by the company's borrowing powers.

It proposes to increase the borrowing powers and if this is approved, it is intended raising 1975 forecast of a fall of about another loan to further reduce the company's exposure to the dollar premium.

The company entered the current year with about 85 per cent of assets invested in equities (80 per cent). These figures are slightly deceptive in that the new sterling deposit against the new loan is included and the chairman feels it would perhaps be more relevant to bear in mind that there was only 8 per cent of total assets available for investment.

The company is therefore, "fairly fully invested with rather over 50 per cent of assets abroad."

As reported pre-tax revenue declined from £220,200 to £194,977 in the year ended March 31, 1975. The dividend is raised from 1.5p to 1.65p net.

Meeting at St. Mary Axe, E.C. July 3 at 11.30 a.m.

Gordon Johnson Stephens up by £40,335

From increased turnover, pre-tax profit of Gordon Johnson Stephens (Holdings), which manufactures equipment for the poultry industry, rose from £311,243 to a record £332,178 during the year to February 28, 1975, after a marginal rise to £30,374 at half year.

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NET PROFITS (before exchange margining, the latter option is now available to the Bill Samuel Group) withdrawn by Government regulation 15 per cent. at latest. The group is not obliged to do so.

It would therefore appear that the only course available to the group is to continue to seek increased turnover and this the directors are endeavouring to do.

Of £449,000 (£304,000) brings the figures up to 25.74m. (7.14m.).

The banking group, excluding investment results, shows a small increase over the corresponding profit for last year. Results of realisations and unrealised losses on the general investment portfolio show a loss after tax of £29,000 against a profit of £47,000 in 1973-74.

The insurance and shipping group has again achieved a record profit, nearly 10 per cent better than last year, and now accounts for 50 per cent of group after tax profits before interest and exchange surplus, the directors to extend its operations further.

The balance sheet reflects the efforts which were made during 1974 to reduce borrowings down from £128m. to £715,403 while still continuing to exploit assets to the full. The reduction in borrowings is considered satisfying in view of the high interest rates which were prevalent during 1974, Mr. Duncan declares.

Pre-tax profit for 1974, reported May 16, rose from £433,062 to £503,883 and the dividend is stepped up from 1.347p to a maximum permitted 1.49p net.

Meeting at St. Mary Axe, E.C. July 3 at 11.30 a.m.

Dartmouth Investments advance

Compared with the mid-term forecast by Dartmouth Investments that profits for the year to March 31, 1975 should produce an "acceptable" increase, a rise from £182,200 to £240,000 is now reported.

Earnings per 5p share are shown to have risen from 1.32p to 1.63p and the dividend is lifted from 0.82305p to a maximum permitted 0.8775p with a final payment of 0.489p net. A one-for-eight scrip is also proposed.

The directors state that with regard to the fraud (whereby a substantial export contract was awarded into the United States) to be recompensed, it is in existence a comprehensive E.C.G.D. insurance policy and they are advised that a substantial but yet unquantified sum is recoverable. This will reflect in this year's accounts.

Current year strategy is to increase profitable turnover which combined with substantial reduction of overheads should enable increased profits to continue, they add.

The group is constantly looking for new developments in property and investment, but does not propose to proceed on any of these unless on a pre-let and possibly pre-sold basis.

In common with all other businesses the group is experiencing rising costs and while in the past these could be offset by increased turnover and increased profit

over advanced from £3.09m. to £3.11m. pre-tax profit increased from £298,240 to £401,240 and the dividend is up from 2.25p to 2.45p net.

FOURTH QUARTER profits of the Johnson Matthey group of precious metal refiners, etc., were £1.19m. for the year ended March 31, 1975, at £17.14m., compared with £15.2m.

Earnings per £1 share are stated to be up from 42.2p to 43.5p. The dividend is raised from 9.39p to 10.22p net, with a final of 5.22p.

A Statement of source and application of funds shows a decrease in net liquid funds of £85,587 (increase £17,784).

Contractors Services Group had 19.55 per cent of the capital. Meeting, Gerrards Cross on June 30 at 2.30 p.m.

Hill Samuel down 15% at Johnson Matthey

the strong and potentially profitable order book and said that results so far this year "well confirm" the earlier confidence.

At the meeting of Office and Electrical Machines, the chairman, Mr. E. Markus, reported that turnover for the first five months of this year, which includes three months of the Imperial operation, had been better than expected, and helped to support his forecast for 1975 in his statement with the accounts. Nevertheless, "we are well prepared for any changes in the economy," he added.

Mr. Markus said the company's conservative approach to finance was standing it in good stead in current difficult times, and we look forward to the future with confidence."

Mr. K. Newton, chairman of Garnar Scobair, reported that demand for raw material and for a wide range of specialised leathers has shown considerable improvement, particularly from overseas.

The important export sales of the group remained at a high level. Profitability continued at a similar pattern to last year and we are optimistic for the future, he told members.

The chairman of T. C. Harrison, Mr. T. C. Harrison, said that profits for the first four months of 1975 were "nicely in excess of those for the comparable period of 1974," but because of the economic situation he was not prepared to make a forecast for the year as a whole.

Marginal increase at Mountview

IN LINE with mid-term expectations, taxable profits of property dealers, etc., Mountview Estates, show a marginal increase from £301,334 to £306,322.

Earnings are shown to be up from 6.02p to 6.12p per 5p share, and, following a forecast of not less than last year's 0.9325p, the dividend total is 1p net with a final of 0.68p.

No less profit for Firmin

Although inflation causes "much anxiety" the current year results of Firmin and Sons should be at least as good as those for 1974, says the chairman, Mr. W. L. Barrows.

As reported on June 3 group pre-tax profit increased from £216,780 to £238,993 for the past year, the net dividend is raised from 5.05p to 5.33p, and one-for-one scrip issue is proposed.

Accounts adjusted for inflation show pre-tax profit on a C.P.P. basis of £229,000 (£244,000); net assets of £847,000 (£847,000), and earnings per share 14.5p (17.4p).

Net liquid funds increased by £13,000 (£63,000), which, says Mr. Barrows, should enable expansion to take place without recourse to members for cash.

An analysis of group direct exports—badges, buttons and military ornaments—in percentages shows Africa and Middle East 62; North America 26; Far East 6; Europe 2; Australia and New Zealand 2.

Mr. Barrows, who is nearly 70, wishes to retire at end-1975. Meeting Birmingham, July 9 at 12.15 p.m.

Designers, manufacturers and erectors of pipework, storage tanks and process plant for industry.

Copper-Nelli

Your Group has achieved a record profit of £1.4 million*.

Export sales rose by 97% to a new record figure of £4.9 million*.

Virtually every company in the Group has improved upon its previous year's performance*.

A valuable intake of orders has produced the biggest order book for site constructed tankage in our history*.

The present year started with an order book exceeding last year's sales turnover*.

In the current year, your directors expect a further increase in profit*.

Mr. W. P. Capper Chairman

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GROUP RESULTS IN BRIEF		Year ended 31st March
	1975	1974
	£	£
Trading profit	1,630,584	992,573
Interest payable	222,440	185,396
Profit (before tax)	1,408,144	807,177
Tax	651,106	387,866
Profit (after tax)	757,044	419,311
Dividend	241,204	222,541
Capital employed	4,653,291	4,249,591
Earnings per share	7.46p	4.10p

N
Report and Accounts
containing
Mr. W. P. Capper's
Report and
Annual Financial Statement
The Secretary,
Copper-Nelli Limited,
Warrington, WA1 4AU.

Applied Research
Engineering Ltd
Project Design

Aero Logistics
International Ltd
Satcom Deep Sea
Diving Systems

Copper-Nelli
Controls Ltd
Instrumentation
Equipment

Copper-Nelli
Industrial Products Ltd
Storage and Process Plant

Copper-Nelli
Plastics Ltd
Piping and
Fouling

Copper Pipe
Service Co Ltd
Piping and
Fouling

William H. Copper
& Co Ltd
Piping and
Fouling

Joseph Hughes
Ltd
Tapes and Dies

Wm. Nelli & Son
(St.Helens) Ltd
Process Plant
Fabrication

OPL Instrumentation
Ltd
Instrumentation

UD Engineering
Ltd
Boring
Filing
Loosening

UDS Refrigeration
Ltd
Refrigeration Plant

Extracts from Chairman's review

Carless Capel jumps £1m.

THE "VERY satisfactory results" hefty dose of special and exceptional provisions. Both volume and exports have been buoyant. Leonard for the year to March 31, 1975, turned out to be an expansion of turnover from £10.43m. to turnover. While the second £19.07m., and a jump in pre-tax profits from £1.19m. to £2.15m. fuel, falling naphtha prices and after £2.95m. against £2.83m. for the first half. A rights issue to raise some £1.37m. is also announced.

Earnings are shown to have more than doubled from 3.1p to 6.6p per 10p share and the dividend is stepped up from an adjusted 4.5p to 5.51p, plus with a final payment of 0.443p.

The rights issue—on the basis of one for three at 40p—is 19 holders registered on May 30. The new shares are payable in full on acceptance by July 7. The issue has been underwritten by Lazard Brothers and Company, Brokers to the Building, Law, Finance and Trust Company.

A circular letter and Provisional Allotment Letters will be despatched on June 16, 1975. Dealings in the new shares are expected to begin on June 17, 1975.

The directors say that opportunities for recent expansion in themselves, for the Company further to expand its business, particularly that of processing gas condensates derived from the North Sea. Although sufficient facilities are available for present throughput, the anticipated increase in production will necessitate expansion of processing plant, storage facilities at the Harwich Refinery and an associated increase in working capital.

In the absence of unforeseen circumstances, the Directors expect to recommend dividends for 1974-75 totalling 1.5p per share, on the capital as increased. This increase has received Treasury approval in the context of the rights issue, subject to any change in legislation.

On prospects the Directors report that the company has made a good start to the current year, but it is too early to predict the results.

The figures for 1974-75 benefitted from the upsurge in world oil prices, but the scale of operations contributed substantially. They are confident that progress will continue and that the increased dividends for 1973-74 will be amply covered. The new plant to be financed with the proceeds of the issue will, when it comes on stream in late 1976, provide the capacity for further growth, they add.

£11½m. by Harrisons & Crosfield

FOR THE period July 1 to December 31, 1974, turnover of Harrisons and Crosfield amounted to £253m. and pre-tax profit was £11.49m. Earnings per 10p share are stated at 60p.

These figures include the parent company and certain subsidiaries for the six months to December 31, 1974, the results of Sabah Timber Company for the year 1974, and those of the Durian Chemical Group for the nine months to end 1974. The year end for all companies in the group will be the financial year 1975-76.

A calculation of the results of the group for the year 1974, based partly on management accounts for companies other than Sabah Timber Company, shows pre-tax profits of £12.29m. and earnings per share of 68p.

For the year ended June 30, 1974, turnover was £234.2m. Operating, plus £20.16m., taxable profit £15.7m., and earnings per share 58p.

The dividend is the maximum permitted of 22.0143p for the six months compared with 22.0143p for the previous year. The cost is £839,456 (£1,302,364) after deduction of £123,705 in respect of the final dividend for 1973-74 waived by holders who took shares in lieu.

Comment

Once again the Harrison results are difficult to unravel but it seems clear that earnings are still rising fairly rapidly. This year the timber operations—both in the U.K. and in the Far East—should start to show some recovery, and could well gather some sort of pace by 1976. The chemical group, however, is still in the doldrums, and earnings per share of 58p.

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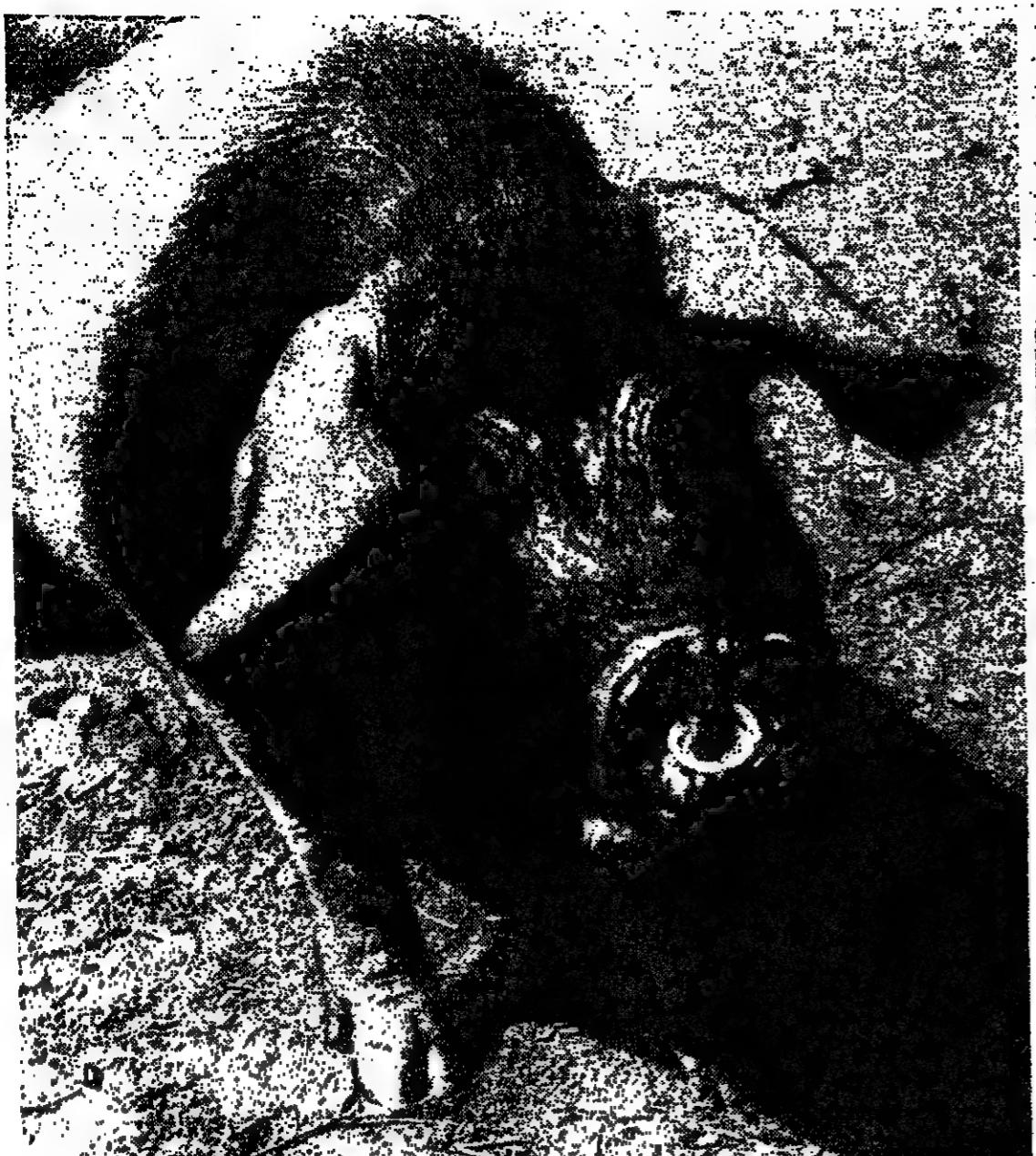
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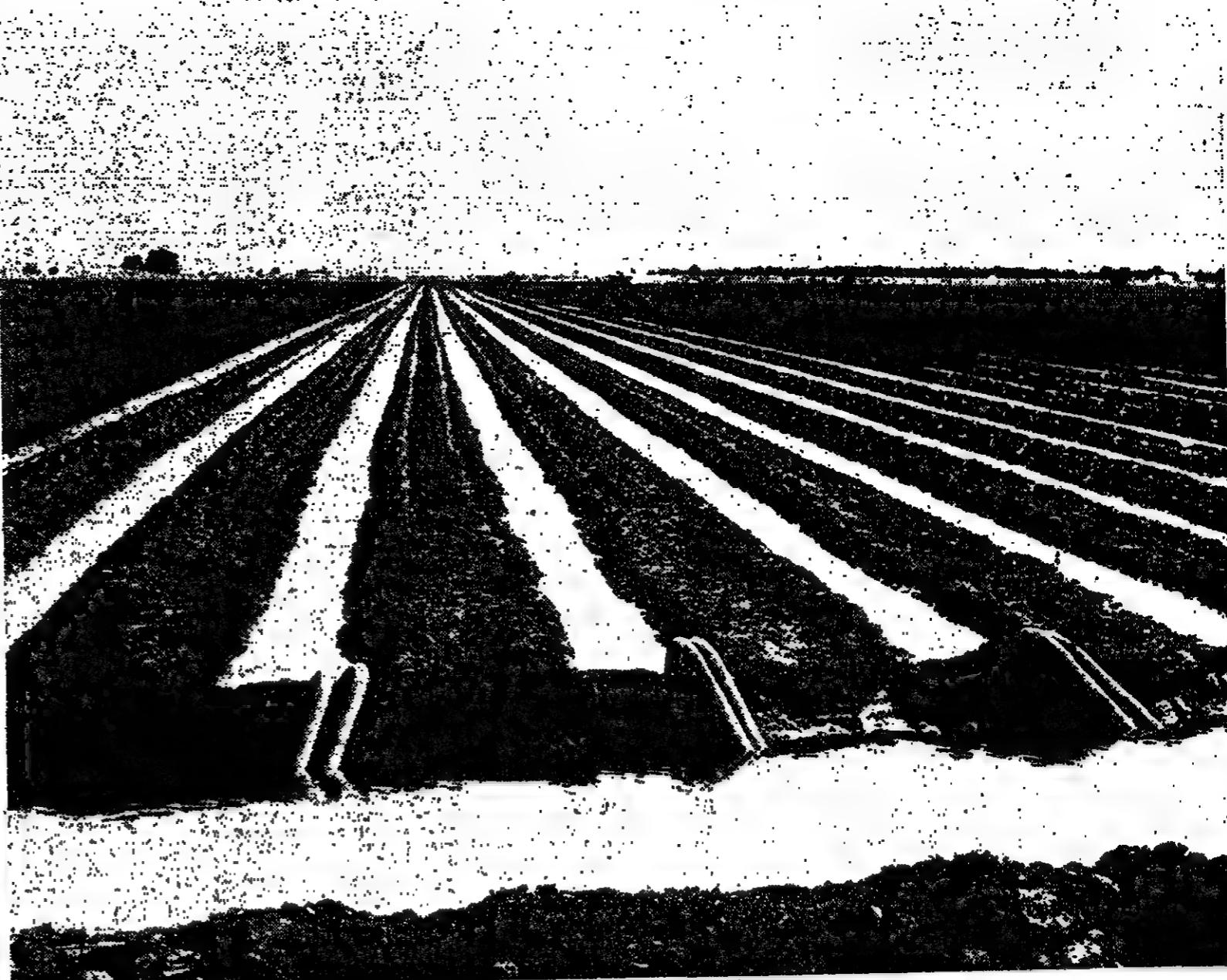
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And all this too, from Tate & Lyle.



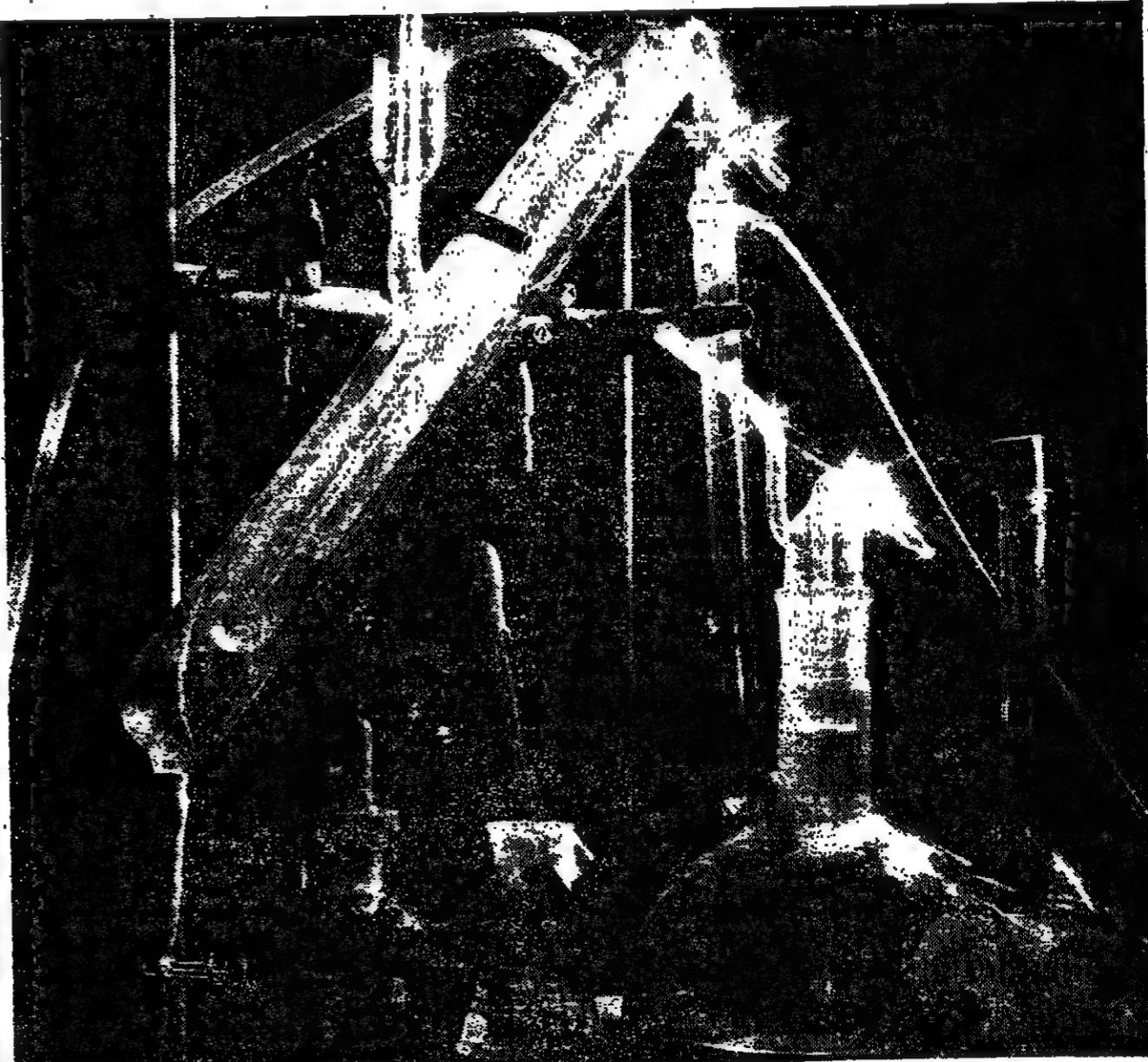
Food From Waste. Tate & Lyle Research has developed a new method of preparing animal feed from vegetable waste by means of fermentation, which could make a significant contribution to third world food problems.



The Fight for Food. Tate & Lyle is not only in research, but also manufactures specialist irrigation equipment and provides know how for agriculture throughout the world.



New Sources of Sweetness. Although sugar has become the world's main source of sweetness, there are alternatives. In the Middle Ages, Europe used honey. Today, Tate & Lyle Research is exploring new sources of natural sweetness and has uncovered the possibility of natural protein sweeteners derived from certain tropical plants.



Sugar's other Uses. In the long term, broadening the uses for sugar will help to stabilize the sugar market, with obvious benefits both for producers and consumers. A sugar-based detergent requiring no petro-chemicals will be test-marketed shortly. Plastics and fire retarding building materials both using sugar are distinct possibilities for the future.

A close look at these photographs may tell you things about me that you never guessed.

For further information about Tate & Lyle, contact Tony Kemp,
Tate & Lyle Limited, 21 Mincing Lane, London EC3. Tel: 01-626 6525.



INTERNATIONAL COMPANY NEWS - EURO MARKETS

Matsushita sees recovery in colour TV sales

MR. MASAJI HINO, managing director of Matsushita Electric, believes economical and practical production of colour televisions in Japan may be caused largely by reduced spending on consumer durables by about 8 per cent, and he has indicated that the company's profit decline has bottomed out.

Mr. Hino said that colour television sales in the domestic market may hit 5.5m. receivers this year. That would compare with initial industry estimates of 5.1m. sets for 1975, unchanged from 1974.

However, Mr. Hino said that he does not expect value to increase as much as volume, since popular models are now small or medium sized rather than large console types.

Japan's colour TV inventories, which totalled a record 1.34m. units last June, declined to a normal level of 648,000 units in April, 6.9 per cent from March, and up 22 per cent from a year earlier. April was the second consecutive month in which shipments recorded a gain on a year-to-year comparison.

The managing director of Matsushita Electric said that his company's colour TV production has returned to 75.80 per cent of its rated capacity from 60 per cent around November last year.

Matsushita started reducing its output of colour receivers in April last year, the first Japanese television producers to do so.

Mr. Hino said that the company will emphasise the production of colour televisions in Japan may be caused largely by reduced spending on consumer durables by about 8 per cent, and he has indicated that the company's profit decline has bottomed out.

Matsushita, which began selling economy-oriented types of colour TV receivers ahead of others, is believed to have increased its colour TV market share during this recession.

Matsushita added less expensive 90-degree picture tube models to its line, which has centered on 110-degree tube de luxe models.

Mr. Hino cited a decline in capacity utilisation for Matsushita's recent profit deterioration. The company's pre-tax profit averaged 10 per cent of sales prior to the oil crisis, but it is currently drifting around 6.7 per cent, he said. Price controls by the Government, despite a sharp increase in raw material prices, also contributed to the decline in its profitability, Mr. Hino added.

The managing director said that most adverse economic effects brought about by the oil crisis have been loaded on to corporations in Japan. Government counter-inflation policies have made it difficult for companies to pass on higher costs.

Matsushita is seeking to reduce costs in order to recover a higher level of profitability. Mr. Hino said. He said that in addition to conventional means, such as boosting productivity and reducing raw material purchasing

OSAKA, June 10.

costs, the company will try to develop products which do not require after-purchase services. The company is now on a campaign aimed at reducing costs by 10 per cent, in every sector, he explained.

Matsushita's capital spending this year is estimated at Y15.8bn. on a consolidated basis. Last year's spending on plants and equipment totalled 162.9bn.

Mr. Hino declined to specify Matsushita's business results for the six months ended May 20, partly because of a change in its official accounting period to a full year basis for the parent company. But he said the profit is expected to have shown a slight decline compared with a year earlier. He added however, that the second quarter is expected to have recorded an improvement from the first three months.

The managing director also declined to forecast earnings for the year ending November 30. Overseas, Matsushita plans to boost the output of colour TV receivers in Brazil to 3,000 units per month, towards next year from the present 2,000 units. Matsushita's Brazilian subsidiary, Matsushita Electric Brasileira Industria e Comercio, began colour TV production last year.

Matsushita is also considering the production of colour TV in Great Britain and already has secured land for that purpose, officials said.

AP-DJ

New Japanese computer subsidy

BY PETER DUMINY

THE JAPANESE Government is planning another, the fourth, subsidy programme for the computer industry, in a bid to keep the major domestic manufacturers abreast of the latest advances in technology.

Under the plan, to come fully into operation next April, the five biggest producers will qualify for research and development grants, provided they organise themselves into two groups to develop very large scale integration (VLSI) circuitry. The object is to keep up with, or if possible get ahead of, IBM, which is expected to unveil new technology (its so-called "Future System") soon.

One group would be formed by Fujitsu, Hitachi and Mitsubishi; the other would consist of Nippon Electric (NEC) and Toshiba. According to the financial newspaper, Nihon Keizai Shimbun, there should also be some pooling of effort with Nippon Telegraph and Telephone (NTT). This is a public utility which is reportedly launching a three-year, £30m. VLSI programme of its own this year.

The new programme looks the logical successor to the present Government-backed scheme to develop large Japanese computers to match the IBM 370 range. The first of these will be delivered this year.

Existing subsidy arrangements, to have terminated next year, involved six manufacturers, in groups of two. Now O.K.I. Electric will be dropped and its present partner, Mitsubishi, slipped in with Fujitsu and Hitachi, the largest Japanese manufacturers.

The three groups may be getting about £19.4m. of govern-

ment money between them this year. About the same amount may go next year to those selected for the VLSI.

Under existing arrangements, Japanese companies retain independent manufacturing and marketing activities. Working together in R and D has led to

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Under existing arrangements

WALL STREET + OVERSEAS MARKETS

Further broad front loss: off 7.98

BY OUR WALL STREET CORRESPONDENT

BROADFRONT LOSSES were again recorded on Wall Street to-day, attributed largely to the continuing doubts that the expected second half economic recovery would be vigorous. Doubts were increased by reports that OPEC nations would raise oil prices after September 30.

The loss was a little above the worst, however. The Dow Jones Industrial Average finished another 7.98 down to 822.12, after dipping 11.50 to 818.32. The NYSE All Common Index shed a further 42 cents to 148.12, while trading volume expanded 460,000 shares to 21.31m.

Brokers also reported selling to

reports that Ford Motor, off \$1 at \$33.1, would delay output on some 1978 models, extending its plant closings for model changes over this year—and that some analysts now project a third quarter loss for Ford.

In Oils, California Standard fell \$1 to \$31. Standard Ohio \$2 to \$71; Mobil Oil \$2 to \$45; Getty Oil \$7 to \$18.3, and Amerada Hess \$1 to \$18.

Continental Oil surrendered \$1 to \$63—it denied Federal Trade Commission charges that it under-

estimated natural gas reserves. The FT also denied the charges against all oil companies yesterday.

ENI Italy gave way \$1 to \$72.50—it was among several pharmaceutical companies which analysts said could be vulnerable to a prolonged dispute by doctors protesting against the high cost of malpractice insurance.

G. D. Searle, the most active issue, recovered \$1 to \$19.4.

White Consolidated Industries moved up \$1.20 to \$204, a newly acquired appliance unit is "near profitability."

Union Carbide were lowered \$1.20 to \$58—preliminary indications are that second quarter net income "may be down 10 per cent. to 15 per cent. from the first quarter."

Hanschkeffeger advanced \$1 to \$484 in a backlog up 10 per cent. from a year ago and its forecast of higher year net.

The American SE Market Value Index was off \$0.30 to \$97.27, with declines outnumbering advances by 416 to 218.

Houston Oil and Mineral, the most active issue, moved up \$1 to \$22.50 on volume of 111,800 shares.

Also active were Syntex, off \$1 to \$40.1; Keweenaw Oil, off \$1 to \$12. Buses Gas and Oil, off \$1 to \$20.4, and Kaiser Industries, off \$1 to \$9.

Canada mixed

Canadian Stock Markets were in moderate trading yesterday.

The Industrial Share Index lost 1.47 to 183.15, Base Metals 0.45

to 12.24. Western Oils 1.70 to Wall Street. Estimates that

430—it does not plan to write down its capital.

Motor Co. fell 14.30 to \$20. Utilities put on 0.11 to 13.00. Banks and Papers firms 0.04 to 10.56.

Boris added 12 cents at \$1.27, on 30,555 shares after it won an 81m. Court Settlement.

Noranda Mines "A" were off \$1.10 to \$35.4 and International Nickel \$1 to \$27.

OTHER MARKETS

PARIS—Generally lower in moderately quiet trading, discouraged by the overnight fall on

Major Banks were generally very steady. In irregular Financials, Javene recovered Frs 80 to the cost of living.

Indices

NEW YORK

DOW JONES AVERAGES

June 10 May 30 June 7, 1976

4.58 4.63 4.52

N.Y. SE ALL COMMON INDEX

December 31, 1963=100

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FARMING AND RAW MATERIALS

Japan food stockpile proposed

TOKYO, June 10. A GROUP OF major Japanese business and agricultural leaders said it was proposing a Y25.39bn. (237.5bn.) programme to increase food production and build up 600 tonnes of grain stockpiles in Japan by 1985.

Under the programme, which will be submitted to the Japanese Government, 1.35m tonnes of wheat, 1.8m. tonnes of feed-grains, 350,000 tonnes of soybeans and 2.5m. tonnes of rice would be stockpiled.

Japan's wheat crop would be increased to 1m. tonnes in 1985, from 202,000 tonnes in 1973, while the output of barley would rise to 1.8m. tonnes from 216,000 tonnes.

Imports of wheat and barley would decline, but those of feed grains would rise to 16.1m. tonnes, from 12.3m. tonnes. Japan's rice crop would remain at 12.1m. tonnes, with no imports expected in 1985.

The programme would be financed mostly by fiscal funds, especially for developing and improving farmland for increased food production, the group said.

The group comprises 30 top business and agricultural leaders, including Mr. Toshio Doko, president of the Federation of Economic Organisations (Keidanren), and Mr. Tomo Miyawaki, former president of the National Federation of Agricultural Co-operatives. Reuter

Foot and mouth outbreak in Malta

By Our Own Correspondent

AN OUTBREAK of foot-and-mouth disease has been reported in Malta. Agriculture Minister, Mr. Freddie Micalles, appeared on television to instruct farmers on measures to prevent the disease spreading.

Mr. Micalles said that seven pigs were discovered to be carrying the disease. They came from an isolated farm where the entire livestock was immediately destroyed.

Checks at the Island's abattoir had proved that there had been no spreading, he said. All movement of livestock had been stopped and no sale or purchase of pigs, goats, sheep and cattle was allowed.

Mr. Micalles said his Ministry subjects the disease "works out" after pigs were given "will-collected" from a visiting ship.

Sudden downturn in London cocoa market

By JOHN EDWARDS, COMMODITIES EDITOR

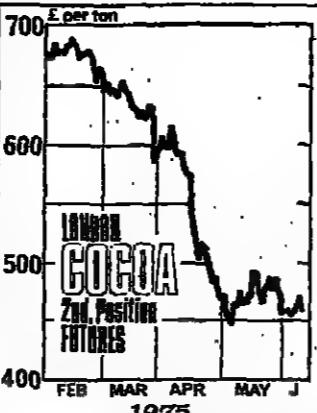
COCOA PRICES on the London terminal market reversed sharply downwards yesterday after opening on a firm note.

The higher levels brought trade and speculative selling with the result that the September position ended the day £12 down on the previous close, at £461.50 per tonne, having traded at £476 the December position lost £13, to £471.25.

The decline, in quiet trading conditions, was triggered by reports of further selling by Ghana and pessimistic predictions that demand will be insufficient during summer months to absorb the surplus supplies believed to be available.

Terminal market values are being somewhat disturbed by a technical sell-off on nearby supplies, and also the change in a new futures contract from December, when the quality of cocoa that can be tendered onto the market will be raised. As a result, the September 1975 position could well become the dumping ground for poorer quality cocoas before it is excluded as deliverable under the new contract.

Generally it is felt that prices appear vulnerable, with the outlook for crops in major producing areas looking healthy, while demand is still suffering from the impact of previous high prices. Although on a long-term



basis, insufficient cocoa is being produced to meet potential demand worldwide, in the short-term a rise in output appears to be coinciding with a temporary downturn in consumption. This is enabling stocks to build up to more healthy levels.

Bearing this in mind, there should be more than academic interest in the current discussions in London this week on negotiations for a new International Cocoa Agreement, when the present pact expires. First indications are that the talks started on an amiable note, for mind, but it would be consider-

able under the new contract.

Producers did submit some detailed proposals, however, including—as expected—an increase in the present price range, plus a mechanism to allow for automatic rises in line with cost inflation hitting producer earnings. The proposal did not specify what new "floor" and "ceilings" the producers had in

mind, but it would be consider-

able under the new contract.

During the next three months attempts will be made to bring together these various strands to enable specific negotiations on individual commodities to

Farm land values fall further

By Peter Bullen

FARM LAND values dropped by almost 14 per cent. in the first three months of this year, according to a Ministry of Agriculture report, out yesterday.

There was some concern among

consumers about a recent statement by the Alliance of Cocoa Producers, after its meeting in Abidjan last month, that certain measures were being taken to counter the decline in prices. If this involved stockpiling, or withholding supplies from the market, it was considered that would be contrary to the Agreement, involving unilateral action by one side.

The consumers were given an assurance, however, that the Alliance was not intending to break the "spirit or letter" of the Agreement and there was no plan to withhold supplies. This helped to clear the way for talks on the renegotiation of the Agreement to start in a friendly atmosphere, with both sides apparently not seeking any major changes in the existing pact.

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COMMODITY AGREEMENTS

Flurry of activity on world pacts

By DICK WILSON

ACTIVE PREPARATIONS for a proceed within an overall agreed new round of international commodity agreements are being made by two groups, the Organisation for Economic Co-operation and Development (OECD) in Paris, and the United Nations Conference on Trade and Development (UNCTAD) in Geneva.

The former is the "trade union" of the industrialised Western nations, and the latter serves as a focus for the demands of developing countries in the Third World.

Meanwhile, five experts, appointed by the Commonwealth Prime Ministers Conference in Kingston, are putting teeth into Mr. Harold Wilson's proposals for a new international commodity policy.

Discussions in the OECD in Paris, newly invigorated by a change in American policy espoused by Dr. Henry Kissinger recently, are entirely among consumers of Third World products. It is only in UNCTAD that consumers and producers are debating together, and at some point the proposals of OECD nations will be put to Third World producers.

In readiness for this possibility the UNCTAD Committee on Commodity, which normally meets once every spring, in this year holding a resumed meeting next month, and another one at the end of the year in an unprecedented attempt to iron out basic agreement on a world commodity policy.

During the next three months attempts will be made to bring together these various strands to enable specific negotiations on individual commodities to

not yet agreed. But it will almost certainly include those which have come closest in the past to agreement, as well as the International Tin Agreement, which is the only one that is actually working, and its renewal in a strengthened form is being negotiated under the aegis of the UN in Geneva. The cotton agreement is also being renegotiated in anticipation of it becoming active soon.

Unprecedented

Coffee, sugar and wheat are commodities where new agreements would have a lot of past experience to build on. As for entirely new commodity agreements, the most likely ones to be proposed are for copper, dairy products, jute, rubber and tea. Negotiations are going on already among the natural rubber producers on Malaysia's proposals for setting up an international stockpile to stabilise the world price.

In preparation for this possible agenda, the UNCTAD secretariat in Geneva is elaborating in more detail its ambitious programme for an integrated commodities scheme.

This includes the creation of multi-commodity buffer stocks originally estimated to cost \$10.7bn. The Western nations will be revised downwards. Dr. Ganani Cores, UNCTAD secretary-general, said the figure could be out by more than half.

But the costs have been revised downwards. Dr. Ganani Cores, UNCTAD secretary-general, said the figure could be out by more than half.

Tied cottages report 'explodes myths'

FINANCIAL TIMES REPORTER

FACTS about tied farm cottages that farmers either place their

sheds on a survey published yesterday by an independent organisation, the Tavistock Institute of Human Relations, are claimed by both farmers and

farm workers to support their arguments against or for abolition of the system.

The institute's 18-month survey

on 281 farms in England, Wales

and Scotland in which all the farmers and 503 farm workers were interviewed "explodes many myths," the report says.

To be able to honour the Australian and similar contracts, Japanese buyers are reported to be considering deferring as many other contracts, mainly for spot delivery, as possible.

This means, says the report,

England. With an average value of \$10,000 a cottage, the total value of the whole cottage stock is \$1.8bn.

Commenting on the report, Mr. John Cossins, vice-president of the National Farmers' Union, said: "There is nothing in it which justifies abolition of the tied cottage system."

A spokesman for the National Union of Agricultural and Allied Workers said the 300 cases of eviction a year quoted in the report represented misery on a massive scale." The report seemed to vindicate everything we have been saying for years that the tied cottage system is completely unnecessary."

U.S. Markets

U.S. Markets Sugar falls on Japan report

NEW YORK, June 10.

SILVER declined as local selling while foreign buying on reserves and imports continued. Trade selling pushed cocoa values lower. "Sugar

fell on news that Japan wished to defer payment on its sugar imports and prospects of clearing weather in the Midwest forced Chicago grain lower as the board Bache reports.

It estimates that 90,000 (or 50 per cent) of all regular full-time workers on farms live in tied cottages, with the highest proportion in Scotland and south-east

England. With an average value of \$10,000 a cottage, the total value of the whole cottage stock is \$1.8bn.

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STOCK EXCHANGE REPORT

Fall continues against gloomy economic background

Share index down 12.5 more at 339.8—Golds steadier

Account Dealing Dates
First Declarer: Last Account
Dealing Dates: Dealing Day
Jun 2 Jun 12 Jun 13 Jun 24
Jun 16 Jun 26 Jun 27 Jul 8
Jun 30 Jul 10 Jul 11 Jul 22
Note: Some dealings may take place
from 9.30 a.m. two business days earlier.

Equity markets suffered another sharp setback yesterday against the same economic backdrop highlighted by the expected 15 per cent reduction in capital expenditure as shown in the Department of Industry survey and by the Bank of International Settlements' warning on the U.K.'s problems.

The extent of the reaction in leading industrials was shown in the FT 30-share index which finished with a fresh fall of 12.5 at 339.8, making a loss of 22.5 (0.567 or 1.6%).

Conditions remain uncertain, and this and jobbers find it difficult to absorb some sizeable selling which developed around 11 p.m.

Second-line equities followed in the wake of the leaders, although bid situations prompted the odd firm feature. The overall reaction was well illustrated by the near 90% majority of falls over rises in FT-quoted industrials and by the fresh setback of 2 per cent to 146.42 in the FT-Actuaries All-share index.

The general level of trade, however, was very restricted with official markings falling away to 5,833 compared with Monday's 5,826.

Gold mining shares made a much steadier showing after the previous day's setback, the Gold Mines index closing 3.3 better at 314.9.

Gilt easier late

The fairly sharp fall in U.S. Treasury bill rates overnight initially encouraged short-dated gilt-edged buyers and small investors, enabling 10-year gilts to make a quick establishment. When buyers lost interest, however, a reaction set in and, despite the help of

late switching from the longs, at 87p, after 80p, UDT came along to offer at 80p, down 4, in Mire Purchases.

Sellers again held the stage in Insurances and Sun Alliance fell 15 more to 405p, making a two-day shorter brought a distinctly easier trend.

After the recent prolonged spell of weakness, business in investment currency became more evenly balanced which led to only narrow fluctuation in the premium before a close of 83p per cent after a loss of 8s. After being temporarily suspended in Canada on Friday, dealings in Peoples Department Stores were restarted; yesterday's close in London was 550p. Yesterday's SE conversion factor was 0.5667 (0.5644).

Clive Discount, which was taken over by Sime Darby in September 1972, returned to the stock market yesterday in lively fashion following the highly successful offer-for-sale of the bulk of the share capital at 48p per share; after a dip at 36p, the 20p shares fluctuated between 55p and 56p before closing at 54p after a heavy turnover.

Another day of persistent small offerings in a market lacking strong leadership saw the four Banks drift lower and close at the day's worst. Barclays, 306p, and National Westminster, 256p, both lost 12, while Lloyds and Midland were 11 easier at 247p and 267p respectively.

Bank of Scotland was similarly treated and also ended 11 down at 274p. Bank of Ireland relinquished 7 to 107p. Discounts also wailed with Union, 315p, Allen Harvey and Ross, 300p, both 10 cheaper. Merchant Banks displayed no set trend but had dull spots in Keyser Ullmann, 32p, and Kleffow Benson, 112p, both of which fell 8. Bamfords, however, hardened 3 to 148p. In front of 78p and Fairhurst, 170p, report said that the company was back 8 more to 136p and Teacher (Distillers) declined 5 to 190p.

Apart from A. Goss, up 4 more at 63p, following the announcement that the company is involved in bid talks, Buildings lost fresh ground and closed with some sizeable losses.

Associated Cement

were 8 off at 145p, while Tunnel (125p, and Aberthaw, 24p, down 4p). Taylor Woodrow declined 8 further to 300p and falls of 8 were sustained by Marley, 78p, and Fairhurst, 170p, report said that the company was off at 65p after the preliminary results. GRG reacted 12 to 142p, while losses of 8 were common to John

Stokes and Goss. "Royals" lost 10 to 310p and Guardian Royal Exchange 7 to 203p.

Breweries once again succumbed to persistent small selling in an unwilling market. Arthur Guinness (results due June 18) lost 5 to 105p and Greene King shed 6 to 134p. J. W. Cameron, at 140p, after 176p, had ended 10 cheaper. While Pilsbury were 2 easier at 71p, after 80p Elsewhere, Distillers suffered 2 more to 136p and Teacher (Distillers) declined 5 to 190p.

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